UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (Habitat)

THE GLOBAL STRATEGY FOR SHELTER TO THE YEAR 2000

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GLOBAL STRATEGY FOR SHELTER TO THE YEAR 2000

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THE GLOBAL STRATEGY FOR SHELTER TO THE YEAR 2000

As adopted by the General Assembly of the United Nations at its forty-third Session in Resolution 43/181 on 20 December 1988.

United Nations Centre for Human Settlements (Habitat)

Nairobi, 1990

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INTRODUCTION

1. The present document is divided into four parts. The first part - section II - aims at illustrating the rationale of this undertaking (why there should be a Global Strategy for Shelter to the Year 2000), at summarizing the fundamental principles that should guide the formulation, implementation and monitoring of the Strategy and at describing the new perceptions that are necessary to place national and international action in the correct perspective. Section III contains guidelines for national action. It illustrates the general criteria which should guide governments in the formulation, implementation and monitoring of the crucial part of the Strategy - national action - and details guidelines according to three areas - reorganization of the shelter sector, resource mobilization and allocation, and shelter production and improvement. Section IV of the report contains draft guidelines for international action. Introduced by general principles, this set of guidelines illustrates the roles and responsibilities of national Governments, international agencies and non-governmental organizations, and the United Nations Centre for Human Settlements (Habitat) in its capacity as the co-ordinating agency of the Strategy. The text concludes with a Plan of Action and a timetable for implementation of the first phase of the Strategy.

II. OBJECTIVES, RATIONALE AND GENERAL PRINCIPLES

A. Objectives

Despite efforts of Governments and international organizations, more than 1 billion people have shelter unfit for habitation, and this number will expand dramatically unless determined measures are taken immediately.

2. Developing countries have never been faced with as formidable a combination of challenges and strains as they are today. Such factors as unprecedented urbanization, an unfavourable international economy, stagnation in per capita gross national product (GNP), runaway inflation, phenomenal population increases, spiraling unemployment, severe financial constraints and very high levels of external debt have had devastating impacts on development programmes and strategies and on the political and social stability of many countries. A particular problem facing developing countries is posed by the large number of homeless and of those living in extremely poor shelter and unhealthy neighbourhoods, whether in urban slums and squatter areas or in poor rural areas. It is estimated that, although they constitute one quarter of all humanity, only a small fraction live in the industrialized countries. The homeless, therefore, constitute about one third of the population of the developing countries, where, in some of the large cities, some 30 to 50 per cent of the population lives in slums and squatter settlements. Over the past decade, the number of homeless and of those who lack decent shelter and services has continued to increase, in spite of the efforts of governments and the international community since Habitat: United Nations Conference on Human Settlements,[1] held at Vancouver, Canada, in 1976.

The International Year of Shelter for the Homeless (1987) has confirmed the need to intensify national and international efforts to produce, deliver and improve shelter for all, but with particular emphasis on meeting the needs of the poor and disadvantaged.

3. The International Year of Shelter for the Homeless, as well as the preparatory work leading to it, has stimulated and publicized an impressive array of new legislation, projects and national and international initiatives on the part of central and local governments, communities, non-governmental organizations, and international agencies. Precisely because of this, and in order to develop the momentum generated by the Year, there is a clear need to improve global mechanisms for monitoring changes, trends and developments in this area, to analyze further promising experiences, to enrich our knowledge of useful approaches and solutions, and to intensify national and international efforts in support of the ultimate target group of the Year: the urban and rural poor of all countries whose shelter conditions can and must be improved.

In order to address this need, the General Assembly has endorsed the proposal of the Commission on Human Settlements to launch a global strategy for shelter to the year 2000

4. This approach to the future development of human settlements in general and the production of housing in particular has been spelled out in some detail in the document entitled "New agenda for human settlements" (HS/C/10/2), which was presented to the Commission at its tenth session in April 1987. Specific issues related to shelter strategy have been covered in the document "Shelter and services for the poor - a call to action" (HS/C/10/3), which was considered by the Commission at the same session. In the light of these deliberations, the Commission adopted resolution 10/1, excerpts of which are quoted below:

"*The Commission on Human Settlements*,

...

"*Convinced* of the necessity of a global strategy for shelter for all by the year 2000 as a follow-up to the International Year of Shelter for the Homeless,

...

"7. *Recommends* to the General Assembly the adoption at its forty-second session of the following draft resolution on a Global Strategy for Shelter to the Year 2000:

"*The General Assembly*,

...

"*Recognizing* that adequate and secure shelter is a basic human right and is vital for the fulfillment of human aspirations,

"*Recognizing further* that a squalid residential environment is a constant threat to health and to life itself and thereby constitutes a drain on human resources, a nation's most valuable asset,

"*Noting* that this lamentable situation can adversely affect the social and political stability of countries,

"*Deeply concerned* about the present alarming situation in which, despite the efforts of Governments at the national and local levels and of international organizations, more than one billion people find themselves either completely without shelter or living in homes unfit for human habitation, and that, owing to prevailing demographic trends, the already formidable problems will escalate in the coming years, unless concerted, determined measures are taken immediately,

"*Fully aware* of the multidimensional nature of the shelter problem, which has its main roots in poverty and, in many countries, is aggravated by the scarcity of resources, inadequate institutional capacities and the lack of a legal and financial framework for alleviating the problem,

"*Realizing* that the problem manifests itself in slums and shanty towns, with inadequate social and technical services, and in a general deterioration of the living environment in rural settlements,

"*Conscious* of the vital role of the self-help efforts of the poor to house themselves and the multiplier effects of shelter development, based on the full mobilization of local resources, and their importance to the economic development of a country, and the lost opportunities for development represented by the neglected shelter sector,

"*Convinced* that the continuous, co-ordinated and widely based efforts of all relevant agencies, bodies, organizations and individuals, when guided by an appropriate strategy, will reverse the alarming trends and produce clear and visible improvements in the shelter and neighbourhoods of the poor and disadvantaged by the year 2000,

"*Encouraged* by action already taken in many countries in order to prepare national shelter strategies and launch other measures that will promote achievement of the goal of shelter for all,

"1. *Decides* that there shall be a Global Strategy for Shelter to the Year 2000, including a plan of action for its implementation, monitoring and evaluation;

"2. *Further decides* that the objective of the Strategy should be to stimulate measures that will facilitate adequate shelter for all by the year 2000;

"3. *Requests* the Executive Director of the United Nations Centre for Human Settlements (Habitat) to prepare a proposal for a Global Strategy for Shelter to the Year 2000 and its implementation, including its financial implications, for consideration by the Commission on Human Settlements at its eleventh session;

"4. *Requests* the Commission on Human Settlements to formulate a Global Strategy for Shelter to the Year 2000, to be drawn up within existing resources, for submission, through the Economic and Social Council, to the General Assembly at its forty-third session;

"5. *Urges* all Governments to commit themselves to the objectives of the Global Strategy for Shelter to the Year 2000 by adopting and implementing shelter strategies in accordance with the guidelines contained in section I of the annex to the present resolution, which will enable the mobilization of all forces and resources in the country for the attainment of the objectives of the strategy, and to renew this commitment annually by, *inter alia*, announcing on World Habitat Day the concrete actions to be taken and targets to be achieved during each successive year;

"6. *Requests* all United Nations bodies and agencies, and the international community at large to support the formulation and implementation of the Global Strategy along the lines defined in section II of the annex to the present resolution."

This resolution was endorsed by the General Assembly at its forty-second session as resolution 42/191 of 11 December 1987.

The main objective of the Global Strategy is to facilitate adequate shelter for all by the year 2000.

5. The concept of "adequate shelter" is the same as adopted by the Commission in the programme for the International Year of Shelter for the Homeless. Adequate shelter means more than a roof over one's head: it means adequate privacy, adequate space, adequate security, adequate lighting and ventilation, adequate basic infrastructure and adequate location with regard to work and basic facilities - all at a reasonable cost. Conditions of adequacy may vary from country to country, and their attainment will not take place overnight. This is why the Strategy looks at the year 2000 as its target, and it is also why the Strategy will be shaped by individual countries according to national parameters and targets. This formulation of the objectives of the Strategy also anticipates two important principles that are developed in the present document. The first one is that the Strategy is to be based on an "enabling" approach, facilitating the actions

of all the present and potential participants in the shelter-production and improvement process. The second principle is that while the main focus of the strategy is on low-income population groups, it is not limited to any one group but rather is based on a comprehensive view of all demand sectors.

This document presents the rational for a Global Strategy for Shelter to the Year 2000; it illustrates the basic principles, attributes and components of the Strategy, and it outlines a plan for national and international action

6. The objectives of the present document, "A Global Shelter Strategy to the Year 2000", are the following:

(a) To present the rationale for conscious, coherent and well-understood national shelter strategies in all countries in the coming 12 years;

(b) To focus on the global nature of the shelter issue and on the characteristics of shelter strategies common to all nations;

(c) To define the specific attributes and components of such shelter strategies;

(d) To set in motion a set of national and international actions required for the meaningful improvement of national shelter strategies;

(e) To ensure that these actions are properly reported on, monitored and evaluated.

B. A Global Shelter Strategy to the Year 2000: the rationale

There are three justifications for a global shelter strategy: first, shelter problems are universal - no country has completely met its shelter needs; secondly, shelter problems are a global concern, requiring the joint efforts of all nations in reaching a solution; thirdly, shelter demand can be met in each individual country by applying a common set of global principles.

7. One of the most important prerequisites for the success of the Global Strategy is the recognition of the global nature of the shelter issue and the linking of that issue to the resolution of other global problems such as the maintenance of peace, the preservation of environmental equilibrium, population growth and other problems of economic and social development. A strategy for achieving the objective of adequate shelter for all is global by definition: first, because no single nation can claim to have fully reached this objective; secondly, because the extreme differences found between countries and the extremely grave shelter problems faced by the majority of them call for global responsibility and global commitment; thirdly, because many of the individual lessons learnt are universally valid, because the shelter sector reveals many trends common to different development and socio-economic contexts so that there is a common set of principles, criteria and approaches applicable to all national and sub-national contexts.

The successful implementation of the Global Strategy will also depend on the establishment of favourable global conditions

8. The principal requirements for the realization of the Global Strategy are the following:

(a) The creation of a favourable international climate based on trust and the development between States of equitable political and economic relations;

(b) The reallocation of the sums now being used for the arms race to social development, including the resolution of the shelter issue;

(c) The creation of appropriate conditions at the national level, meaning a favourable social political situation, the presence of the required socio-economic base, the provision of the required financial, material, human and natural resources, the establishment of efficient state and public institutions and the improvement of legislation.

No nation can claim to have reached the objective of adequate shelter for all citizens, and, therefore, no nation can claim to possess the recipe for reaching this objective world-wide. Every nation can profit from the experience of others. The global dissemination of national experiences for testing of potential world-wide applicability can be a key element in reaching the objective set for the year 2000.

9. A global appreciation of and concern for shelter issues exists and rests on the fact that all countries feel their shelter programmes are deficient in some way. In the developing countries these deficiencies are highly visible, whereas in the most affluent developed countries, although the deficiencies may be small and theoretically easy to overcome, they may nevertheless be persistent. This shared commonality of problems, and the partial success in learning from one another in the past, has led to the perception that the pooling of global knowledge can help national Governments in formulating workable programmes and that global support of national efforts is fundamental to improving the shelter situation in specific countries, particularly developing countries. It can now be seen that developing countries facing comparable problems can benefit from exchanges of experience, that countries can assist one another with technical expertise in putting national shelter strategies into place, and that the United Nations system can act in a co- ordinating and monitoring role to ensure that all countries have coherent, effective and functional national shelter strategies well before the Year 2000.

Meeting basic shelter needs for all is a global responsibility. Inadequate and insecure shelter, wherever it may be, will lead to social and political instability and will hamper economic development

10. Inadequate shelter, wherever it may be, is a reflection on the performance of the global socio-economic system and on its ability to take adequate care of the planet and its inhabitants. People, whether in developed or developing countries or in market economies and centrally-planned economies, can no longer insulate themselves from the suffering of those without adequate shelter who live in faraway countries. The communication media, travel and education have now made "turning a blind eye" more difficult than before. Neither can people maintain that their systems of Government are

functioning well and that they are taking adequate care of their global responsibilities as long as shelter inadequacies remain so visibly obvious. The persistence and growth of poor shelter conditions, particularly in the rapidly expanding urban areas of the developing countries, are an increasing cause of concern to Governments wishing to maintain socio-political stability and a stumbling block to human and economic development. It is for these reasons that all countries have a mutual global obligation to ensure that gross inadequacies in the shelter sector, wherever they may be, are removed as soon as possible.

The Global Strategy is based on a number of key principles, approaches and criteria for shelter development and improvement which are universally valid for all nations. In addition, the following general criteria will have to be followed: (a) realism - allowance for the objective trends, realities and possibilities at a given stage of development in question; (b) foresight - the correct choice of priorities and action so as to prevent the deterioration of the situation and the emergence of new problems; (c) comprehensiveness - the complete apprehension of the various aspects of the shelter issue and of the relevant factors; (d) gradualness - the step-by-step setting and implementation of goals in accordance with the actual possibilities; and (e) flexibility - the adjustment and fine- tuning of action in response to changes in circumstances and requirements

11. The Global Strategy is global in the sense that it contains a set of principles, approaches and criteria that apply to all national contexts, regardless of well-known and acknowledged differences in terms of economic development, historical and cultural experience, and socio-political systems. Obviously, the guidelines of the Strategy will require national and local interpretation and adaptation and will have to be translated into legislative and institutional terms by each country. However, "uniqueness" must no longer be an excuse for inaction and for assuming that the experiences of others do not apply to one's national context.

The target date for reaching the global objective of adequate shelter for all by the year 2000 is less than 12 years away. This target is close enough to command immediate action. It is also sufficiently far away to allow for those changes and reforms which need time in which to design and implement them

12. Twelve years are a very short time: 1988 represents the half-way mark between Habitat: the United Nations Conference on Human Settlements, held in 1976, and the end of this century. The past 12 years have witnessed a remarkable number of initiatives, programmes and projects. Yet, most, if not all, these experiences have been characterized by a lack of realization that human settlements, as well as shelter, require sustained support, thoughtful structural treatment and, possibly, a radically new approach, if they are to achieve their potential in terms of social well-being and economic growth. It is hoped that the 12- year target of the Global Shelter Strategy will offer an opportunity for starting now with the profound structural legislative and institutional changes that will be needed to reach the Strategy's global goal.

C. The Global Shelter Strategy: basic principles

The right to adequate shelter is recognized universally and constitutes the basis for national obligations to meet shelter needs

13. The right to adequate housing is universally recognized by the community of nations. It has been reaffirmed recently by the General Assembly in its resolution 42/146 of 7 December 1987, entitled "Realization of the right to adequate housing". All nations without exception, have some form of obligation in the shelter sector, as exemplified by their creation of ministries or housing agencies, by their allocation of funds to the housing sector, and by their policies, programmes and projects. No doubt, different societies interpret their obligations differently. In some countries, where housing is a constitutional right, the provision of housing is one of the fundamental duties of the State. Other countries, where this duty does not exist or where resources are not sufficient for this purpose, have been tolerant of temporarily inadequate shelter as a means of fulfilling shelter needs that cannot be met by the State. Each nation may perceive a different form of obligation for housing its people, and a few nations can provide instructive examples of the quantitative and qualitative leaps in housing conditions that a serious commitment to adequate shelter does bring about. Be that as it may, all citizens of all States, poor as they may be, have a right to expect their Governments to be concerned about their shelter needs, and to accept a fundamental obligation to protect and improve houses and neighbourhoods, rather than damage or destroy them.

To address this obligation, Governments must make a number of fundamental changes in existing approaches to the shelter problem

14. The accumulated experiences with shelter development since Habitat: United Nations Conference on Human Settlements in 1976 have led to a gradual but significant shift in thinking on the subject. Developed and developing countries, both centrally-planned economies and market economies, have come to realize the need for national shelter strategies that are integrated with national economic planning, on the one hand, and that shift the emphasis to a decentralized, broad-based and often community-focused organization for shelter delivery, on the other. Most Governments have by now experienced the painful realization that there are serious limitations to the quantity, acceptability and appropriateness of housing that they can produce directly through specialized housing agencies. At the same time, it is becoming increasingly clear that national governmental policies which affect shelter delivery require co-ordinated action at the highest national level on a considerably broader range of issues than simple public housing production. Governments are becoming aware of the need to recognize and rely on a multiplicity of other actors for the production and improvement of housing on the scale required to meet housing-production targets. These two complementary realizations call for revised national shelter strategies. In the coming 12 years leading to the Year 2000, national Governments, in co-operation with the other actors in the shelter sector, will need to devise coherent and well- thought-out shelter strategies that will enable all the various actors to move in unison, to complement one another and to ensure that all the critical issues are properly addressed.

The fundamental policy change will need to be the adoption of an "enabling" approach whereby the full potential and resources of all the actors in the shelter production and improvement process are mobilized; but the final decision on how to house themselves is left to the people concerned. Ultimately, an "enabling concept" implies that the people concerned will be given the opportunity to improve their housing conditions according to the needs and priorities that they themselves will define

"There are indications that many governments are now moving towards an "enabling-strategy" concept to mobilize resources and apply entrepreneurial skills for increased housing and infrastructure production, by establishing legislative, institutional and financial frameworks that will enable formal and informal business sectors, non-governmental organizations and community groups to make optimal contributions to development... A comprehensive approach to human settlements development...can thus achieve economic adjustment with social justice."[2]

15. The fundamental feature of the "enabling" shelter strategy is the creation on the part of the public sector of incentives and facilitating measures for housing action to take place to a greater degree by other actors. For the most part, the Government's role will be an "enabling" one, mobilizing the resources of other actors and facilitating their deployment for efficient provision of all types of shelter for all target groups. The enabling approach also means that public initiative, in order to be effective and self-sustaining, will have to be efficient. Ultimately, an "enabling concept" implies that the people concerned will be given the opportunity to improve their housing conditions according to the needs and priorities which they themselves will define.

An enabling strategy should also be seen as an essential component in the process of sustainable development

16. Since it leads to the full mobilization of all potential indigenous resources, a shelter strategy based on an enabling approach greatly contributes to sustainable development. In order to sustain this impact over the long term, the management of these resources must be ecologically sound. This applies, for instance, to guiding the use of land so that settlements grow in such a way that natural resources are protected and conserved; that settlements are not threatened by floods, erosion or other natural disasters and that specific pollution problems are not created. Also, the exploitation of natural resources for energy or raw materials in building materials production should be done in such a way that the natural balance is not disturbed.

At the same time, the multiplicity of actors which characterizes the "enabling" approach will create implementation difficulties that should not be underestimated

17. The difficulties of implementing the "enabling" policy, both at the national and international levels, must not be underestimated. This implementation appears difficult because it rests ultimately upon multiple interests, namely those all of actors involved. These interests - economic, social and political - can converge towards the same aim, that is towards the Global Strategy, but can also defeat each other at the implementation level.

Shelter policy for low-income groups will necessarily be an explicit and central component of the Global Shelter Strategy

18. Shelter programmes for housing the poor can only operate in the context of a national shelter policy aimed at the delivery of shelter for all income groups. Specific programmes aimed at assisting low-income groups, particularly those residing in slums and squatter settlements, can only be successful if framed within a comprehensive shelter strategy that lists priorities, identifies affordable approaches, makes provision for the fair allocation of resources and eliminates the contradictions between its various sectoral components and programmes. More often than not, the discussion of shelter options for the poor not only takes place in isolation from a review of the overall shelter situation and relevant policies, programmes and institutions but also takes it for granted that higher-income groups can satisfy their shelter needs in the existing housing market. This is often not the case: in many developing countries, in particular, substantial numbers of families and individuals in different income groups occupy shelter of a standard below that which they can reasonably afford. They are unable to scale up because existing governmental policy is not conducive to or actually discourages the construction of shelter. What is needed, therefore, are policies that address latent effective demand and maximize the scale and options in shelter construction. At the same time, direct public sector support should only be used for the benefit of the neediest groups.

In addition to actors already involved in the shelter-production process, an important place must be found for the integration of the potentially powerful but hitherto largely excluded contribution of women

19. Women are subject to special constraints in obtaining adequate housing and in participating in human settlements development efforts at all levels. While some of these constraints are the result of *de jure* and/or *de facto* gender discrimination, others are the result of their severe poverty, their lack of education and training, and their double and triple burden as household workers and workers in the formal and informal sectors of agriculture, industry and commerce. Removing these constraints is important not only because equity in distribution of development benefits is a fundamental principle but also because increasing numbers of households are either solely or largely supported by women. Depriving women of access to shelter and infrastructure deprives large numbers of families as well. There are concrete and identifiable implications for women in all human settlements and shelter-related policies, programmes and projects, whether they deal with land, finance, building materials, construction technologies, housing or community design. It is necessary, therefore, to enhance women's participation in shelter and infrastructure management as contributors and beneficiaries, and to put particular emphasis on the integration of women's activities with all mainstream development activities, on an equal basis with those of men. There is also need to assess women's demands for shelter goods and services and to encourage the design and implementation of innovative programmes that will increase women's participation in shelter management.

The "enabling" approach is the basic premise of the Global Shelter Strategy and, as such, it applies to both national Governments and international organizations

20. The enabling approach adopted by the Strategy will also have to apply to co-operation between international agencies and national Governments. This does not mean that international agencies will have diminished roles. As in the case of national Governments, international action will have to be re-directed and focused on establishing, assessing and monitoring national shelter strategies, and in making known the results of this new type of involvement.

The Global Shelter Strategy is a combination of international and national efforts. However, shelter goals can only be met by the individual efforts of each Government acting in its own political, economic, social and cultural context

21. There are critical differences between different nations that make it necessary to adjust the implementation of the Strategy taking into account the specific situation of each country. There are countries that have only a small minority of the population suffering from inadequate shelter and that possess sufficient public resources to cater to this minority: there are others where the majority, or at least the urban majority, is poorly housed and where public resources are insufficient to house everyone adequately. In the latter case, resources will need to be distributed broadly, and the people will need to be largely relied upon to house themselves. There are countries where the central government housing agency is highly developed and has considerable advantages in, possibly even monopolizes, the provision of housing; other countries may have a decentralized governmental structure for shelter delivery, including a large number of public enterprises that construct housing for their employees. Some countries may have a strong and dynamic private sector, capable of delivering large quantities of housing efficiently and at a lower cost than the public sector; still other countries may have a weak or non- existent formal private sector and a strong informal or traditional sector active in the production of housing. Some countries have a strong co-operative tradition in the housing sector or a developed savings-for-shelter network; in others, these traditions have not yet taken root. Finally, in many countries these different actors appear in different combinations, competing with or complementing one another in meeting housing needs. It is clear that any appropriate national shelter strategy will need to take account of these differences, to take advantage of positive developments that have taken place and to ensure that innovations are not incongruent with existing conditions. Yet, despite these marked variations, there exists an impressive array of principles, approaches and new perceptions that are applicable to all countries. They are briefly analyzed in the next two sections of this paper, and, together, they constitute the common platform of a global shelter constituency.

The Global Shelter Strategy gives the framework for a continuous process towards the goal of facilitating adequate shelter for all by the year 2000. In order to assess the progress made, national and international action will need to be monitored and evaluated on a regular basis and the Strategy reviewed and revised

22. The Global Strategy is not a blueprint but an evolving framework for dynamic national and international action. Therefore, the action and its impact need to be monitored and evaluated continuously and the Strategy modified accordingly. This monitoring is required both at the national and international levels and it must be based on rigorous standards and measurable indicators defined according to the action areas outlined by the present document. Obviously, the effectiveness of global monitoring is going to rest on national monitoring, but the international partners of the Strategy, governmental agencies and non-governmental organizations alike, will have to submit themselves to a similar process in order to show to what extent the principles of the Strategy have been incorporated in their agendas and to demonstrate the support they are giving to implementation of the Strategy.

D. Translating strategy into action: new perceptions

The increasing realization that shelter and development are mutually supportive and interdependent will be a powerful stimulus to the Global Shelter Strategy

23. In recent years and in nearly all countries, there has been a heightened awareness of both the problems and the potential associated with the shelter sector. The problems of the sector are evident not only visibly, in the form of spreading zones of poor-quality housing and unhealthy living environments, particularly in developing countries, but also financially, as Governments have struggled against impossible odds to mobilize the resources necessary to address the needs of the sector. At the same time, however, there has been a growing appreciation of the potential role of human settlements in contributing to human and economic development, a recognition that "people, habitat, and development are part of an indivisible whole."[3]

It will be important for policy makers to understand the trends that shape the shelter sector and the interdependencies that link this sector with its overall economic and social context

24. The fundamental purpose of a shelter strategy is to ensure that the full human and economic potential of the shelter sector is achieved. To do so means more than focusing narrowly on the "needs" of the shelter sector *per se*. Instead, strategies must be formulated in light of the best possible knowledge of how the performance and processes of the sector are connected to broad social and economic concerns. Formulating a strategy in the absence of information regarding the impacts of shelter-sector policies on the rest of the economy is no more valid than formulating broad economic strategy in the absence of information regarding the effects of those policies on the shelter sector. It is in this light that it is important to consider what is known concerning the context within which the shelter sector operates, the broad trends outside the sector that shape its outcomes and the links between the sector and the overall economy that must be considered in formulating strategies for the sector. Two general trends and links are of critical importance - demographic and economic.

Population and urbanization trends have a powerful influence on the shelter sector. Policy makers will need to enable societies to benefit from these changes rather than be penalized by them

25. Cities make vital contributions to economic growth. Some 60 per cent of the gross national product of developing countries is produced in urban areas, despite the fact that urban areas contain less than one third of developing-country populations. Moreover, it is expected that between now and the year 2000, roughly 80 per cent of GNP growth in developing countries will originate in urban areas.[4] Seeing to it that urban populations are adequately housed, with good-quality urban services and a range of locational choices, is essential to ensuring that urban economic efficiency is maximized and that the gains of economic growth are equitably distributed. The most fundamental demographic trends that govern the shelter sector are population growth and urbanization. Trends in population growth and urbanization are very different from one country to another, with clearly differentiated regional patterns. While the world's population grew from 2,516 million in 1950 to 4,450 million in 1980, this growth was heavily concentrated in developing countries, which accounted for 1,629 million or 84.2 per cent of the growth to 1980. In relative terms, growth has been and is expected to continue to be most rapid in the African, Latin American and Asian and Pacific regions. Population growth rates in Europe and North America, by contrast, have been declining. Rates of urbanization are, similarly, highly skewed among regions. In general, urban populations have stabilized relative to overall populations in the older industrial economies of Europe and North America, with urban population expected to comprise about 74 per cent of the total by the year 2000. By contrast, dramatic change is expected in developing countries. From a proportion of 17 per cent urban in 1950 and 29.3 per cent in 1980, the proportion of developing-country populations living in urban areas is expected to reach 39.3 per cent by the year 2000. The growth and redistribution of population implies growth in the demand for housing and related infrastructure, and growth in the costs to society if those demands are unmet. The faster the rate of growth and redistribution of population, the greater is the responsibility of Governments to create a sound strategy for enabling society to benefit from demographic change rather than be penalized by it. The urban challenge in the context of sustainable development has also recently been stressed in the report of the World Commission on Environment and Development (A/42/427, annex).

Shelter policies must be built with an understanding of the links between the shelter sector and the overall economy

26. Shelter policies must be built with an understanding of the links between the shelter sector and the overall economy. If policies affecting the shelter sector are favourable, the sector contributes to economic development, and the gains of economic

development are translated into sectoral improvements. If the wrong policies are in place, the links will fail and both sectoral and overall objectives will suffer. Shelter policies must be seen as consisting of not just the traditional policies of the sector, addressed solely to influencing sectoral outcomes, but rather of both traditional policies and policies outside the sector, such as fiscal, monetary and trade policies that influence the shelter sector. Advocates of improving the quality and quantity of housing and infrastructure should have a seat at the table of macro-economic planners but should, at the same time, expect to provide reciprocal accommodation.

There will need to be scaling-up of housing programmes, which cannot be achieved by a traditional project approach alone. Enabling strategies will need to go far beyond the replicable pilot project approach

27. So far, the prevailing idea for low-income production in the developing countries has been based on a target of individual house-ownership for every poor household and on an assumption of individual house construction by each target family. The production process has to be scaled up to encourage housing output for all consumers by all possible means of production. The narrow focus on sites-and-services and squatter-settlement- upgrading schemes as the cornerstone of housing strategies has been largely responsible for the present impasse. These activities have their place in a shelter production programme, but this place can rarely be a central one. The concept of planning and implementing shelter projects in a specific location and with defined dimensions must give way to new concepts of establishing sustainable shelter-delivery systems that can operate at the required national scale. Despite efforts to make projects "replicable", the project approach ties too many resources and institutional efforts in a single location and has not been able to reach the desired scale of shelter output. Strategies which focus on setting up single projects and trying to "replicate" them are not likely to have a significant impact on solving national shelter problems.
Governments will need to consider a balanced approach to shelter upgrading and new shelter construction

28. The Global Shelter Strategy is focused on the entire stock of shelter rather than on the production of new shelter. Typically, new housing construction in any one year constitutes only a very small fraction of the total housing stock (of the order of 1 to 5 per cent). The bulk of the housing stock is already in place, and a considerable effort is required to maintain it and gradually to improve it. The existing stock represents a capital asset. For many individual families it is their only asset, the sum total of their savings.
Attention will have to be given to rental housing

29. One other area that will need governmental attention, particularly with a view to the future, is rental housing. The rental sector in most developing countries is large and is growing steadily; it often comprises at least 50 per cent of all urban housing stock.[5] In view of the importance of rental housing in the total housing stock, particularly in low-income settlements, Governments will have to come to some decision as to the promotion of rental housing as an effective way of expanding production options for shelter. Until now, on the levels of both research and policy, rental-housing options have been largely ignored, but the evaluation of rental options requires detailed research on local housing markets, the impact of rent control, particularly in conditions of a high rate of inflation, and on ways of promoting a sufficient supply of rental housing, especially for low-income groups.

There will still be a need, for many years, for innovative strategies to deal with squatters and inner-city slum dwellers

30. It cannot be expected that the unaided private market will be able to solve the fundamental problems of squatters and other occupants of informal/illegal housing. Overcoming these problems is entirely dependent on the introduction of new governmental procedures for which there are few precedents in the developed countries. The special concerns of inner-city slum dwellers might also call for innovative steps by governments to resolve the conflicts which often arise between this target group and the private sector.

III. GUIDELINES FOR NATIONAL ACTION

A. General criteria

The Global Shelter Strategy must be based on the integrated national shelter strategies that should be developed by all Member States of the United Nations. The relevance and implementation of these strategies should be ensured by bringing in all the actors involved in implementation as soon as the strategy is being formulated

31. The most essential part of the action related to the Global Strategy is national responsibility. The goal of the Strategy is extremely ambitious and can only be achieved through the deployment of all possible tools and resources at the national level. In order to ensure that appropriate approaches are adopted by all the actors involved and that their activities are mutually supporting, an integrated national strategy is necessary. The institutional arrangements for drawing up a national shelter strategy must ensure political commitment at the highest possible level and an understanding of and contribution to the strategy on a sufficiently wide basis. An example of a national institutional structure for shelter-strategy formulation is given in the annex to the present document.

A strategy is a plan of action that defines in specific terms the goals of the action and the ways in which they can be attained. A shelter strategy defines the objectives for the development of shelter conditions, identifies the resources available to meet these goals and the most cost-effective way of using them and sets out the responsibilities and time-frame for the implementation of the necessary measures

32. The strategy must define the objectives and activities on the basis of a thorough analysis of the scale and nature of needs and resources; it will also give the criteria for defining priorities among activities. While the scale of the problem must be met, the qualitative targets of the strategy can reflect the process of gradually improving conditions. The activities which can be directly set out in the strategy are those to be implemented with public resources. Given the scarcity of these resources, they should be used only for purposes for which no other resources can be found, in particular to support low-income groups. An enabling approach in a strategy also means that the bulk of public-sector resources will be geared to removing obstacles hampering the use of non-governmental and community resources and to stimulating their full mobilization.

There are various approaches to the elaboration of national action. While the playing of a leading role by the State does not preclude private sector participation, an "enabling" shelter strategy does not imply a reduction of governmental responsibility in the shelter sector but rather a reallocation of public activities and human, physical and financial resources

33. The concept of an "enabling" shelter strategy does not mean any diminution of governmental responsibility for the housing production and distribution process. What it means is a redistribution of production components, i.e., that the public and private sectors share roles in the most efficient possible way. In developing countries, virtually all housing is produced by the private sector (formal and informal), despite the explicit or implicit obstacles imposed by most Governments through financial restrictions and counterproductive codes and regulations. The whole basis of a workable shelter strategy is that Governments should review existing legislation and regulations and their impact on shelter production and improvement, and remove those which clearly appear to be pointless and largely unenforceable. Governments should deploy their own resources in strategic areas, for example, in the provision of trunk infrastructure, in the development of land, in the regulation of construction and in the promotion of a variety of housing-finance institutions.

Shelter strategies need an appropriate institutional framework in order to be effective

34. A national shelter strategy founded on the "enabling" principle necessitates appropriate representation of the shelter sector in the central Government as well as in national co-ordinating bodies charged with ensuring that all key ministries, the actions of which directly and indirectly affect the shelter sector, are pursuing courses of action

which optimize the development of the sector and its contribution to national development. This requires a broad institutional framework, considerably expanded from the types of housing agencies, ministries and corporations that have traditionally focused on self-contained policies for housing production to the general neglect of the effects of governmental policies on other actors in the shelter sector. In addition, the new institutional arrangements will need to recognize the increasingly important roles of local government bodies, the private sector (formal and informal), non- governmental organizations and community-based organizations in the management of land and production of housing and must provide for a specific role for all these non-governmental actors in the formulation, implementation and review of national shelter strategies.

A number of long-term strategy components will need to be introduced gradually, with the aim of having all components in place well before the year 2000

35. As stated earlier, the objective of the Global Strategy is to facilitate adequate shelter in all countries by the year 2000. This objective will not be reached with *ad hoc* and short- term measures. It is envisaged that, during the coming 12 years, a number of critical strategic components of a long-term nature, e.g., legal reforms, institutional reorganizations and monitoring systems, will need to be gradually introduced. Many of these components could not have been introduced before now, owing to the preoccupation of national and international organizations with various short-term measures to meet urgent needs. In the spirit of the International Year of Shelter for the Homeless, the implementation of national shelter strategies should be seen as a step-by-step incremental process, aiming at a series of small immediate improvements for the disadvantaged majorities and gradually leading to introduction of a full system of shelter production and distribution for the whole population. Therefore, although each national shelter strategy must be formulated comprehensively, it should be structured in such a way that the Government may implement it one element at a time, depending on national priorities and capacities. The target, however, is to have the full system in place in every country well before 2000.

The ultimate objective of the Global Strategy must be "housing for all": there cannot, however, be a common time-frame for this in all countries, since the possibilities of and requirements for achieving this important aim differ from country to country. The time-frame required for every action component and the order in which each action will need to be implemented must be reflected in the overall design of each national strategy

36. The objectives of the Global Strategy and the time-limits for their achievement must be realistically defined and embodied in national housing strategies. In the final shelter strategy adopted for implementation by national Governments, in co- each actor will be allotted an action responsibility for programme implementation and a target date for putting in place its share of the total structure. Some actions are so fundamental that a programme cannot function at all without them, and these actions must obviously have the earliest target dates. Other actions can be taken gradually, if the programme can function in some way (even if suboptimally) while they are being brought into line. Some actions will be much more difficult than others to accomplish, and the strategy design should, if possible, recognize this by allowing the longest target periods for the most complicated actions, provided the programme can start to function in the interim period through partial or temporary measures.

Specific shelter actions will have to be based on total understanding of the overall shelter strategy

37. An integrated shelter strategy requires clarity as to policy objectives, understanding of shelter conditions and housing markets at national and local levels, perception of the interrelationships between components of the shelter programme and of the ways that deficiencies in any one component will affect overall results, and capacity to mobilize resources so that they will be available when required. Specific action in the shelter sector, at all levels of government as well as by international organizations providing assistance in the shelter sector, will need to conform to approved national shelter strategies and to contribute to the attainment of their objectives.

National shelter strategies will need to contain four complementary parts: (a) definition of clear and measurable objectives; (b) gradual reorganization of the shelter sector; (c) rational mobilization and distribution of financial resources in the sector; and (d) equal

emphasis on production of shelter and improvement in the management of land, the supply of infrastructure and the promotion of the construction industry

38. In general, national strategies will share a number of key components, although each particular strategy may adopt different options for action on any particular component, depending on national and local circumstances. However, all strategies will have to be organized around four broad areas of action. First, clear and measurable objectives will have to be formulated. Secondly, the shelter sector as a whole will have to be reviewed and re-organized. Thirdly, resources will have to be activated and distributed. Fourthly, measures will have to be put in place to invest these resources in large-scale shelter production and improvement. The first area of action will consist of a preliminary assessment of needs and resources and the consequent establishment of realistic quantitative and qualitative objectives for shelter construction and improvement, leading to the gradual building up of national housing information systems. The key components of that part of the strategy concerned with the reorganization of the shelter sector are (a) integrating the shelter sector in macro-economic decision-making, (b) organizing for shelter delivery, (c) reforming the legal and regulatory framework for shelter delivery, and (d) setting the stage for policy and strategy research and analysis which is needed to monitor, evaluate and upgrade national shelter strategies. The components concerned with the mobilization and distribution of resources are (a) improving the means for financing public infrastructure, (b) improving systems of housing finance, and (c) efficiently targeting programmes and subsidies directed at low-income groups. Finally, the part concerned with shelter production and improvement will need to focus on (a) the provision of infrastructure, (b) the guiding of future urban development, (c) the formulation of policies and programmes concerned with land distribution and management, and (d) actions required to remove production bottle-necks.

B. Definition of national strategy objectives

1. Assessment of needs and resources

The main objective of a national strategy should be to improve the shelter situation of those whose housing is below the national average and, particularly, of those in direst need

39. In most countries resources for improvement of the shelter situation will be scarce. It will then be important to concentrate the resources on improvement of the situation of the most needy. This would apply to as well physical resources (land, materials, labour) as well as administrative and financial resources. It would apply particularly to public resources, but should also be a guideline for how public authorities try to influence the use of private resources, or to bring private resources under the influence or decision of public authorities.

The planning for a national shelter strategy up to the year 2000 should be based on an estimate of the size and composition of the national population during this period and of its spatial distribution

40. The estimated population during the strategy period provides a basis for calculating the housing stock needed for that population and for comparing it with the existing housing stock. This will be the basis of the increase in the housing stock that is needed. This increase together with building for replacement of dwellings that are disappearing or falling out of use and with necessary repair and improvement work will give the total resource needs for the sector during the plan period. These resource needs should be regularly re-estimated on the basis of new information.

A comparison of estimated total resource needs for the plan period with total estimated resources that could be mobilized for the sector during the plan period should determine the size, quality and cost of dwellings in shelter programmes and projects

41. Programmes aiming at a housing standard noticeably over the affordable national average will take away resources so that needy households can not get an improved housing situation. Therefore the affordable national average should guide policies concerning as well housebuilding as housing improvement and the standard of infrastructure and amenities.

2. Linking objectives to settlement policies

Shelter is an integral part of settlements development. Therefore, an important aspect of any shelter strategy will be the planning and management of urban and rural settlements

42. The Commission on Human Settlements, at its tenth session,[6] considered a report of the Executive Director of the United Nations Commission on Human Settlements (Habitat) entitled "A new agenda for human settlements" (HS/C/10/2 and Corr.1 and 4), which identified priorities for human settlements action by national Governments, the international community and the United Nations system. One of the recommendations of this document stressed the possibility of managing settlement development by preplanning, instead of administering settlements by expedient reaction to recurring crises. Governments, at present, seem to restrict their policy options to responding *post facto* to problems after they have arisen, with no apparent goal but to prevent cities deteriorating to a "non-return" level. By any rational criterion, it is infinitely preferable for Governments to foresee and provide for coming settlement needs (even if this provision has to be minimal within existing resource constraints) than to wait and see what will happen and then try to patch up the worst of the deficiencies that have been allowed to develop.

All Governments will need to use the tools at their disposal to optimize the spatial component of shelter demand by guiding or influencing shifts in national and regional settlement patterns, particularly urbanization processes. Special attention will need to be devoted to the potential of small and intermediate settlements

43. Shelter-production programmes would derive several benefits from development policies that gave priority to small and intermediate towns in managing rural-urban migration. These benefits are based on the following factors:

(a) The migration pressures on the largest cities might be reduced, thus enabling municipal authorities to plan and manage their growth;

(b) The poor who settle in small and intermediate towns may not have to pay such high prices for shelter and services as in the metropolis, because of the limited demands for and easy access to land;

(c) The growth of small towns would result in improved welfare in rural areas, through provision of access to services, health care, education and employment opportunities;

(d) Small-scale and low-cost solutions for such services as transport, water supply, sanitation and solid-waste disposal are often easier to introduce in small and intermediate towns than in the largest cities.

C. Reorganizing the shelter sector

1. Macro-economic strategies and the shelter sector

The key to effective national shelter strategies is macro- economic policies that link the shelter sector to the economy as a whole

44. Past efforts at formulating shelter strategies have largely failed to consider the interdependence of the shelter sector and the overall economy. Often, as a result, shelter strategies were overly parochial, emphasizing a narrow concept of both the interest and potential of the sector, failing to consider the costs to the rest of society and choosing inappropriate or even counterproductive mechanisms for achieving the objectives of the strategy. Consequently, many countries' strategies were ineffectual or even harmful, when considered in the broad context of social and economic objectives. If future strategies are to be effective, there must be a change in perception, by those both within and outside the sector, of the interdependencies between the sector and the overall economy and of what these interdependencies imply for good policy, for priorities that should be emphasized and for the mechanisms that should be chosen to achieve strategic objectives.

Macro-economic policies adopted by many countries in response to recent global economic trends have had an adverse effect on the shelter sector and have jeopardized the ability of the sector to contribute to the solution of national and international economic problems

45. Trends in the global economy during the past decade that have had a particularly strong impact on the shelter sector include the high inflation rates that characterized the 1970s, high and volatile interest rates and declining terms of trade, increasing indebtedness and stagnating income in many developing countries. World wide, there was a downward shift in the long-standing historical relationship between housing investment and GNP between the mid-1970s and the early 1980s. The effect was that, for a given level of economic development, the fraction of GNP invested in housing fell by values ranging between 11 and 24 per cent in relation to historical ratios. In many countries, it is as much the policies adopted in response to macro-economic trends as the trends themselves that have resulted in significant declines in shelter investment and have contributed to a worsening of housing and infrastructure conditions. Among these policies have been the maintenance of overvalued exchange rates, imposition of import restrictions and tariffs on shelter-sector inputs, public investment cutbacks and reallocations, and policies of directed credit toward tradable goods and supposedly "productive" industries. The impact of these policies reaches far beyond the impact on the shelter sector *per se*. Not only is the direct and indirect value of output of the sector lost but distortions induced in the rest of the economy impose a high economic cost in terms of productivity losses, reduced saving and capital formation, disruptions in labour markets and increased inflationary pressures.

Public expenditures in the shelter sector often represent a significant share of total public investment. Therefore, shelter is an important component of overall economic policy

46. While on-budget public expenditures for housing and community services are typically only a small fraction of national budgets (an average of only about 2 per cent during the early 1980s), such expenditures can be quite large in some countries and often constitute a large share of local expenditures. In one country, for example, direct housing subsidies constitute some 30 per cent of total subsidies, 13 per cent of the national budget and 3 to 4 per cent of GNP. In addition to on-budget expenditures, significant off-budget expenditures exist for housing and infrastructure in a number of countries, often with significant costs to the economy. In some instances, off-budget subsidies (often through the financial system in the form of subsidized interest rates) have slowed the development of the financial sector, contributed to the collapse of financial institutions, aggravated inflationary tendencies in an economy and created incentives for inefficient resource allocation.

Well chosen shelter-sector policies at the national level, followed by effective implementation by a broad group of actors at national and subnational levels, have the potential for not only addressing short-run economic problems in many countries but also laying the foundation for a productive permanent link between the shelter sector and the macro-economy

47. The key to the success of national shelter strategies will be a combination of effective macro-economic policies at the national level and a broad set of actions by a multiplicity of actors at all levels of government - in the formal sector, in non-governmental

and community-based organizations and in the informal shelter sector - to increase production of housing and to improve existing housing. The emphasis must be on the production of quantities of housing which meet basic needs - land, basic shelter and minimal services - and the gradual improvement of existing shelter for the majority, rather than on the production of new high-quality housing for the few. In order to increase production and to improve existing housing stock, much of which is now of extremely low quality, national Governments will need to become aware of the limitation of the shelter strategies, both implicit and explicit, that they have been following in the past and to act decisively to improve them over the coming 12 years. Key strategic improvements will be needed in organization for shelter delivery, in resource mobilization and allocation, and in shelter production.

Co-ordination will have to be based on understanding the important links between the shelter sector and other sectors of the economy

48. There are three paths by which the shelter sector and the overall economy are linked: (a) primarily income and employment links; (b) the financial side of the economy, comprising links that operate through household savings and the role of housing as an asset and principal source of household wealth; and (c) the fiscal side of the economy, comprising public expenditures for shelter and related infrastructure. These links have key implications for policy co-ordination measures and for the success of any shelter strategy.

Policy makers will have to become aware that housing investment is productive and an important source of income and employment

49. Housing investment typically comprises from 2 to 8 per cent of GNP and 10 to 30 per cent of fixed capital formation. Each of these ratios has historically risen with economic development, a reflection of underlying household expenditure patterns. In particular, as economic development proceeds, the fraction of household income that must be devoted to food expenditures drops sharply, and the first area in which households increase their spending is for housing and related services. This increase in demand is translated directly into a favourable investment climate for shelter, and the shelter sector is able to bid successfully for resources in the competitive arena of economic development. The resulting investment contributes both directly and indirectly to increasing national income. Income and employment generated by shelter construction are amplified by forward and backward links to other sectors of the economy. Studies have found that these links not only are at least as capable of generating income and employment gains as other types of capital investment but frequently operate with considerably shorter time lags than other investments between the inception of investment and the realization of its full effects. For this latter reason, the shelter sector is often looked on as an attractive sector for stimulating the economy in order to achieve recovery from periods of economic recession. Moreover, in the current economic climate, shelter-sector investments are attractive because their typically low import requirements imply that incremental investments generate a higher domestic multiplier than do investments that are import-intensive.

Policy makers will also have to become aware that housing and infrastructure investments are productive investments from both an economic and a social point of view

50. Economic analyses of housing and related infrastructure projects, conducted by international development institutions such as the World Bank, regional development banks and bilateral aid organizations typically find that economic rates of return are competitive with those of other areas of capital investment and often (particularly in the case of urban infrastructure investments), far exceed the norm. Such evidence flies in the face of the view held by many macro-economic planners that shelter-sector investments are unproductive because of high "capital-output ratios", a notion that fails utterly to take account of the long life of shelter-sector investments and other desirable aspects of investment in the sector.

Policy makers will have to become aware that housing represents an important share of national wealth and is, thus, not only a measure of a society's well-being but also an important motivation for saving and investment

51. The material wealth of countries is measured in terms of non- reproducible assets, such as farmland, forests and natural resources, and of reproducible assets, such as industrial plants, machinery, commercial real estate, transport and communications infrastructure, inventories of goods, financial assets, and housing and related residential infrastructure. The production and distribution of wealth, particularly of reproducible wealth, is an area of social and economic concern in all countries. This is

the case not only because ownership of assets is important as a measure of individual and social well-being but also because the incentives and costs associated with accumulating assets can have an important impact on many other economic outcomes, such as rates of saving and investment, levels of work effort and, even, willingness to migrate from one area to another. Housing is particularly important in this regard, because of its surprising importance among the assets of countries: among all sources of reproducible wealth, housing typically comprises the largest single source in most countries, often representing from 30 to 50 per cent of all reproducible assets. The aggregate value of housing is typically from one to two times that of GNP, and the annual value of the flow of explicit or implicit rents from this stock of assets (which is clearly reflected in conventional statements of national income accounts) comprises from 10 to 20 per cent of GNP in addition to the contribution made by housing investment. It is clear that incentives related to saving for housing play an important overall role in the process of capital accumulation in most countries. Incentives for saving for housing are influenced by policies related to property or use rights, such as tenure security or transferability of rights, availability of complementary public infrastructure and availability and price of housing finance.

2. Organizing for shelter delivery

Shelter strategies will need to be placed in a national decision-making context. Adequate representation will need to be ensured to all actors in the shelter production process

52. Shelter strategies will need to be introduced at the national level by national Governments and further developed by different governmental agencies, local authorities, the private sector, non-governmental organizations and community-based organizations. It will be necessary to incorporate key ministries and central planning agencies, the decisions of which have direct and indirect effects on the production of land, infrastructure and shelter, in high-level committees or boards will be necessary at the time the national shelter strategy is being drawn up in order to ensure that the shelter sector contributes to development to the optimum and that development decisions contribute to the growth of the shelter sector to the optimum also. At the same time, it will be necessary to ensure that those representing the interest of the shelter sector be present in key bodies with powers over decisions critically affecting the sector. Likewise, all those involved in the implementation of the national shelter strategy have to be incorporated in the co-ordinating mechanisms in an appropriate way. A possible allocation of functions among the various ministries/agencies which have an impact on the shelter sector is outline in the annex.

The overall legal and regulatory framework for the shelter sector has a significant impact on performance. Therefore, its review is essential for reorganizing the shelter sector

53. Among the most important laws and regulations affecting the sector are those dealing with price controls (rent controls, building and land price controls, and controls affecting interest rates and prices for financial services), property rights (tenure security, restrictions on private ownership or on transferability of property, tenant and landlord rights, and regulations affecting the enforceability of obligations involving housing as collateral), and land-use and building regulations. Laws and regulations affect the sector by changing incentives and by changing costs. In many cases, public authorities have failed to understand the effects of laws and regulations on incentives and costs, with the result that they have increased the cost of housing, lowered the productivity of the sector, skewed inequitably the benefits of the housing sector and had a damaging effect on overall economic performance. An extreme example of the macro-economic costs of inappropriate regulation occurs when public regulation of private land development for housing so slows the provision of housing in response to rapidly increasing demand that housing costs are driven up in a speculative spiral. In many cases, the resulting speculative bubble has the effect of diverting resources from other sectors of the economy with little real benefit in terms of increased housing production.

Governmental roles in the shelter sector will need to be redefined and made specific in order to provide necessary support to the key roles of non-governmental actors in shelter delivery, improvement and maintenance

54. One of the key aspects of shelter-sector reorganization will be the co-ordination of private sector and public sector efforts. In most instances, implementation of a shelter strategy will involve the redefinition and redistribution of responsibilities to a variety of actors, ranging from individual households through co-operative groups and informal and formal private producers to governmental agencies and ministries. While the private

sector is efficient in producing and distributing shelter, it cannot function without a matching "enabling" framework provided by the public sector. Important elements of the total shelter "package", such as roads, basic services and transport, require, by their very nature, public maintenance, ownership or regulation. In addition, governmental intervention may be required, in many instances, to remove or offset market imperfections, and, in some specific cases, a policy may be justified to meet the social welfare requirements of the very poor and destitute.

Co-ordination will be required between all levels of government

55. The shelter dimension is already being recognized at the national policy-making level. In many cases, however, this amounts to little more than setting up special institutions and programmes to deal with housing problems. Once a comprehensive shelter approach is taken, problems of co-ordination between government departments, implementing and service-delivering agencies and local authorities emerge. Shelter planning needs to be fully integrated with national development strategies, decision-making processes and resource-allocation procedures. Shelter plans have to become political decisions backed by technical documents and budget allocations. There is, therefore, an urgent need to redistribute responsibilities and resources among the different levels of government. A tendency towards decentralization to local levels can be generally appreciated, but, almost invariably, what are not transferred are the financial and human resources to enable local administrations to assume new responsibilities. Nevertheless, the decentralization process must flow downwards to the level of most efficient service delivery, project implementation and community involvement.

The "enabling" approach to shelter delivery might not call for new institutions but will certainly require new institutional arrangements

56. There is increasing awareness of the need to strengthen shelter- management institutions in order to ensure the success of shelter programmes and the functioning of human settlements. However, not only is there no universal model of institutional arrangements for shelter strategies but the arrangements adopted in any one country will change over time. Specific models respond to specific political structures and objectives and to specific needs and opportunities. The public sector, while reviewing its role as a builder of housing units, must multiply its investments in the provision of serviced land, in the mobilization of housing finance and in the facilitation of the formal and informal private sectors through the adoption of appropriate standards, legal frameworks and procedures. The formal and informal sectors must play an increasing role in producing shelter for all income groups.

As a first step in defining new roles in the shelter sector, an inventory will have to be made of governmental agencies with responsibilities for substantive decision-making in regard to shelter

57. The reorganization of the national shelter sector will involve many different governmental agencies, since, in a typical governmental structure, responsibility for the various strategy components is fragmented among a variety of ministries, bodies and authorities. Since every Government organizes its functions in a unique way, it is not possible to link the substantive elements of the shelter strategy to a standard list of relevant ministries. The first step, therefore, in preparing a strategy will be to identify all the instrumentalities with an interest in any sectoral component - starting with the governmental institutions playing a key role in overall national development and investment decisions and in economic and fiscal policy.

Implementation of the strategy will require a broad-based training programme

58. The mobilization of human resources has several facets. It is obvious, first of all, that there must be a sufficient number of trained and skilled people to carry out all the tasks of a shelter-management programme. This means not only the top-level professional and administrative experts who will design and guide the programme but the entrepreneurs, artisans, process workers and others who will produce and maintain or operate the physical output of housing and infrastructure and also the members of the general community who will participate in the decision-making and implementation processes. Training programmes will as a rule gain in efficiency when they become continuous and if appropriate institutions are made responsible for the carrying through of the programmes. This implies a very broad-based training effort carried out through a variety of institutions and employing many different methods, including the largest possible support of local training institutions. A study of the scale of the problem and the resource base will also help to identify the priorities and appropriate approaches for training programmes.

Educational curricula need to be updated, and new and improved in-service training programmes and short courses need to be targeted to specific key actors involved in shelter production and improvement

59. Curricula of professional and technical education programmes need to be updated and adapted to the changing needs of each country. Promoting links between universities, public and private shelter agencies, non-governmental organizations and community groups can help to keep programmes up to date. In-service training needs of public-sector administrators and professionals can be met through short courses, workshops and temporary secondment to performing institutions and agencies. Courses and workshops are a cost- effective means of providing continuous training for staff to upgrade their skills. Principal target groups would include officials of housing agencies, local authorities and finance institutions. Special types of in-service training are also needed for extension workers in the agriculture and health sectors to enlarge their scope of work by including shelter- related infrastructure and services.

Training programmes will be needed for public sector and private sector builders and for community groups engaged in shelter production and upgrading

60. Small-scale local constructors, building materials suppliers and other shelter related entrepreneurs of the formal and informal sectors need training and technical assistance in accounting, budgeting, inventory control and other basic skills. Such training and technical assistance could be usefully combined with lending programmes through trade associations. Training should also be extended to community groups with a role in designing and implementing shelter programmes.

Highly motivated action in the shelter sector cannot be expected without proper incentives, in both the private and the public sectors

61. The training of the participants in a shelter programme is a necessary but not sufficient condition for scaling up shelter production and operating a shelter distribution system. The participants must be motivated to make the programme work or the strategy will remain only a paper design. In the case of the private sector, some rearrangement of wage profiles, tax structures or subsidy arrangements may be necessary. In the case of the public sector, efforts will have to be made to retain experienced staff members through career promotion and through the enhancement of professional status.

"Enabling" actions at the local level should be directed to mobilizing credit and building material supplies, to securing tenure and to expanding infrastructure networks

62. The purpose of action at the local level is to increase access to basic resources for locally determined and self-managed programmes. Enabling actions will typically cover changes in the ways in which funds are allocated and used, the ways in which credit is generated and disbursed and, most important, the ways in which decisions are made and responsibility exercised. These are changes that only Governments can authorize. Enabling actions with respect to tenure, services, credit and building materials will be particularly important. There is considerable positive experience in all these areas, and there is considerable scope for experimentation.

The institutional structure for the delivery of urban services will need to be streamlined

63. The problem of providing, operating and maintaining infrastructure facilities in developing countries has, over the years, grown beyond the capacities of most Governments. Institutional weaknesses have emerged as a serious constraint to the infrastructure delivery process, stemming primarily from the multiplicity of ineffective agencies, sometimes with overlapping jurisdictions and competing interests and sometimes with mandates too broad to have an effective impact, from an inadequate framework for encouraging and supporting community participation and from lack of motivation for efficient performance-oriented service delivery. Strategies to overcome these problems include the following:

(a) *Streamlining local government institutions and strengthening their organizational* capacity to deliver urban services. Governments will have to review and redefine institutional responsibilities, create specialized units to plan and manage service delivery to poor sections of the population, and promote intersectoral and inter-agency co-ordination.

(b) *Introducing reforms in organizational structures and mandates to encourage* community involvement. Governments will have to introduce reforms in organizational structures and mandates that transform authoritarian institutions into

ones which encourage community involvement and build up self-reliant and self-sustaining actions that promote community competence in planning, operating and maintaining infrastructure.

(c) *Increasing organizational efficiency*. One possible measure is the use of performance agreements that allow private enterprises to provide some services under governmental supervision of quantity and quality specifications. Governments can promote increased use of small-scale subcontractors with low overheads and can harness informal-sector participation in service delivery. Governments can also encourage administrative practices and organizational arrangements that allow voluntary and non-governmental organizations to participate in improving services in poor neighbourhoods.

The mobilization of community-based resources can only be ensured through the full participation of communities in decision-making effecting their shelter

64. Finally, the programme must be accepted by the community at large and supported by direct public participation at all levels. It is highly probable that in most developing countries all the mobilized financial resources of the public sector and of private business will be insufficient to meet all programme demands. The resource represented by community inputs can be harnessed to bridge the gap but only if the community is committed to and feels responsibility for the programme. The community must, therefore, be fully involved in decision-making on programme direction and priorities and should be assigned responsibility for tasks where there is a clear connection between input effort and output benefit. Identification of the community's most effective role is a matter for each individual national strategy to take up, but this decision should be treated as an integral part of resource mobilization.

The appropriate level of community participation will need to be determined through a negotiation process

65. Three basic models for the application of community participation can be distinguished. The first model (usually found in situations where governmental policies explicitly encourage independent community action) places final planning and decision-making at the settlement level and assigns agency and technical personnel to advisory and regulatory roles. The second model sees the main planning initiatives in the hands of agencies, with community involvement limited to mere consultations on planning. The pragmatic principle underlying this model is that if the community agrees to the plans it will not obstruct implementation and may prove co-operative in undertaking some role in the implementation and subsequent maintenance of development works. The third model, which is still the most prevalent, is the "sweat-equity" approach. It confines community participation to individual or group contributions of labour towards house construction, installation of infrastructure or carrying out of some services such as garbage collection or drain cleaning. There should be no assumption that community participation is at its optimum when it has reached maximum proportions. In some countries, communities may appreciate a limited say in settlement development and prefer to leave elected representatives or officials to handle the rest; in others, where communities are highly motivated and politicized, communities may want to participate in an almost unlimited range of activities and responsibilities. Community-based programmes and projects which attempt to work against strongly held feelings can weaken rather than strengthen the scope of community participation for success. The appropriate level of community participation cannot be imposed: it can only be determined through dialogue with the community at the local level.

3. The legal and regulatory framework for shelter delivery There are a number of legislative options leading to appropriate laws and regulations in the shelter sector

66. Shelter policy in the past has usually refrained from a systematic effort to review the laws and regulations governing the performance of the sector. New shelter strategies, formulated with the goal of being put into place by the year 2000, will need to consider actions leading to legal reform. Legal reforms in this sector will need to review land legislation in a comparative framework, adopting innovative legislation from other countries where appropriate. The economic impact of laws, regulations and codes will need to be studied carefully. Possibilities for creating special codes and standards for housing and infrastructure in low-income settlements, which can be upgraded over time, will need to be considered. In these efforts, legal advisers, national legal experts, officials involved in enforcement and legislators will need to co-operate. It must be stressed here, however, that these reforms are not likely to take place without active public campaigns, organized and promoted by those with a direct interest in creating a regulatory environment which enables them to produce shelter efficiently and effectively.

The revision of building and infrastructure codes and regulations is a matter of the highest priority

67. Regulatory instruments for construction not only ensure safety and health in the built environment but also are capable of promoting technologies which are consistent with the resources and needs of developing countries. However, existing regulatory instruments often impose barriers to the delivery of shelter and infrastructure. Typically, they do not provide adequate guidelines to artisans and professionals for safe construction practice, they incorporate unaffordable construction techniques, building materials and infrastructure technologies, they sometimes prohibit the use of traditional materials and techniques, and they do not contain provisions to incorporate feasible innovative technologies as and when they emerge. Technical guidelines and criteria based on sound principles and positive experience are amply available and use should be made of them.

Informal contributions to the shelter sector that currently fall outside existing laws and regulations need to be recognized and gradually legitimized

68. Governmental policies will need to aim at encouraging participation by all the agents, formal and informal, involved in shelter construction. Policies should also build on the established procedures whereby housing is now provided, regardless of whether these procedures conform to existing bureaucratic goals or legal restrictions. In this regard, it is encouraging to note that, in a number of developing countries, Governments are considering or have actually implemented measures to encourage informal sector construction and have regularized practices such as "illegal" land subdivision, in recognition of their shelter-delivery potential.

4. Data-bases for strategic decision-making

Improved understanding of land and housing supply mechanisms is necessary for efficient strategy formulation and implementation

69. Strategic decisions are only as good as the data and the information they are based upon. Until now, public authorities have lacked sufficient knowledge of the operation of housing markets and of the skills and experience required to address the imperfections and malfunctions of those markets to be able to intervene efficiently in the shelter-production system. Often, governmental policy itself is responsible for the failures in the shelter sector, as indicated earlier. Unfortunately, over the past 20 years, it has not been possible to accumulate an organized and systematic information system concerning land, shelter, housing and relevant other issues with direct relevance to policy makers. Statistical data in the shelter sector are unreliable and often irrelevant and out of date. In order to implement shelter strategies, there are critical information requirements which need to be available to decision makers on an ongoing basis.

Development of data-bases on key variables affecting the performance of the shelter sector will need to be a critical component of national shelter strategies

70. The performance of the shelter sector needs to be monitored regularly so that policies may be adjusted to respond to malfunctions or setbacks and so that the effects of changes in policies and economic conditions can be ascertained. Measures of total housing needs are practically useless when it is clear that these are not likely to be met in the foreseeable future. Other measures, however, are critical. Without them, it will not be possible to tell whether shelter conditions are improving or getting worse, nor to know whether the key objective of the Global Shelter Strategy - adequate shelter for all by the year 2000 - has been achieved. Information on key variables will need to be collected at frequent intervals, preferably using cost-effective statistical-sampling techniques rather than comprehensive census studies. The sample methodology may be developed in co-ordination with the development of land registration or land information systems. These key variables may include changes in the numbers of units in the different components of the housing stock, changes in demand for housing due to population increase, migration and economic development, changes in housing prices, land prices and rents in different market sectors, changes in location of housing and employment centres, changes in transport expenditures, changes in housing investments and rents, changes in the availability and distribution of credit, changes in housing starts, the amount of land being converted to residential use, vacancies and the rate of destruction of existing stock through eviction and decay, changes in incomes and affordability, changes in public revenues available for infrastructure construction and maintenance as well as for targeted housing subsidies, changes in the structure of the shelter sector and in the behaviour of different actors, and selected changes in the political, social and cultural environment which may affect the performance of the sector. Given proper

organization, training and basic computing facilities, such a data-base could be instituted within a relatively short period of time.

Technical co-operation will be needed to generate a workable data-base for national shelter strategies

71. A number of countries have already accumulated experience on setting up simple and effective databases that are helpful in monitoring the shelter sector on a regular basis and in drawing important conclusions for strategic decision-making in the shelter sector. These experiences will need to be shared through technical assistance from experienced countries, through technical co-operation among countries seeking to put similar data-bases into place and through national and international meetings which will seek to find common means of pursuing the formulation and effective use of information in decision-making in this sector. UNCHS (Habitat) will also play a determining role in this regard by ensuring the widest possible dissemination of the national data thus collected.

Communication and exchange of experience among actors in the shelter sector of a global scale are indispensable

72. The collection of data critical for policy-making will not, however, be sufficient to bring about necessary changes in policy and strategy. Commitment, initiative and openness to innovation by national policy makers are indispensable for the success of any shelter strategy. To this end, international meetings to exchange experiences of particularly successful approaches, policies and programmes, and national meetings to ensure understanding and co-operation between the agencies involved in shelter strategy (such as national economic planning, housing and urban development), the construction industry, local government, private financial institutions and key non-governmental organizations, are both essential.

D. Mobilization and allocation of financial resources

Key goals for the mobilization and allocation of financial resources are production, improvement and maintenance of infrastructure and shelter

73. For the shelter sector to operate in an optimum manner, there will be a need to channel an appropriate level of resources into this sector, in line with an enlightened understanding of its role in the development of the national economy. Financial resources will have to be mobilized in three important areas: public infrastructure investments, operation and maintenance; housing finance; and explicitly targeted subsidies to enable needy families to meet basic shelter needs.

Consideration must be given to the financial support of specially disadvantaged groups who cannot participate in the general housing market without governmental intervention

74. Despite the substantial increases in shelter production and improvement that will be made possible by the mobilization of additional flows of financing for housing and infrastructure, a substantial portion of households, particularly in the developing countries, will not have access to decent shelter produced by the private sector, either formal or informal. Governments will have to study and develop special measures in this regard, both indirectly, by encouraging the production of housing at costs low-income people can afford, and directly, by developing mortgage programmes suited to their circumstances and income patterns.

1. Financing for infrastructure

Financing of infrastructure will continue to remain an important public responsibility in meeting shelter needs

75. Public infrastructure networks - roads, water-supply systems, drainage and sewerage networks, waste-disposal, electricity and communication facilities - are used by all and cannot be bought and sold like other commodities. Because of their special status, they will need to be provided by public agencies, public enterprises or private enterprises granted certain public responsibilities. They will need to be properly financed, but, in the past, shortage of funds has made it impossible to meet infrastructure needs, resulting in the practice of bringing in roads and services after areas have been fully built. This can be overcome only if the financial base of infrastructural agencies is made secure. Trunk road infrastructure will need to precede urban development, and rights-of-way for infrastructure at all levels will need to be reserved before shelter action takes place. To enable infrastructure agencies to plan ahead, their sources of funds will need to be secured for a number of years ahead.

Adequate investment in infrastructure networks will be crucial to meeting shelter needs

76. Housing production by central and local governments, by public enterprises and by co-operatives is often hampered by lack of proper infrastructural networks, which, in turn, limits the amount of serviced land available for shelter production. This artificial shortage of land which, in theory, is available for shelter construction will need to be overcome through a planned programme of investment in infrastructure.

In market economies payment for infrastructure will need to be collected primarily from users and from those who benefit from increased land values as a result of infrastructural improvements

77. Infrastructural improvements generate value. They improve access and increase the level of amenities of those served by them. Their economic rate of return, in comparison with other public investments, is among the highest. These returns, however, often remain with the beneficiaries, with the result that the costs of facilities cannot be recovered. The most logical way to recover these costs is through the payment of user charges, wherever possible, and through direct and indirect taxation of beneficiaries, where the collection of charges is impossible. This will need to be an integral part of a co-ordinated shelter strategy. It will require granting rating or taxing powers directly to infrastructural agencies, so as to reduce the need to transfer funds from central budgets to finance the construction of public infrastructure. There are several options open to infrastructural agencies, which are discussed below.

Local authorities will need to strengthen their efforts to collect user charges and property taxes as a means of financing and maintaining infrastructural systems

78. An important form of cost recovery, probably the most common, is taxation of freehold property and rating of long-term leaseholds. Improved infrastructure and

services have an impact on land values that can be reflected in land valuation for tax purposes. This approach requires the strengthening of local authorities in their collection of dues and can be helped by the improvement of land registration and land information systems.

Local authorities will need to explore new measures for recovering the costs of public infrastructure

79. One of the reasons for the poor performance of local authorities in most countries and, consequently, for their poor record in addressing shelter needs is their inability to recover the capital-investment and operating costs of the infrastructure they put in place. These investment and operating costs are invariably considerable, but their recovery can be made through a variety of systems, including *ad hoc* charges on increased value of property induced by infrastructural development and regular charges through equitable property taxation. Taxation and user charges, in order to be effective, will have to be reasonable and simple. The following measures could be of some value:

(a) *Betterment levies*. Among self-financing mechanisms, betterment levies are often cited as a means of recovering infrastructure-development costs in a short time. The principle of a betterment levy is that there is an unearned appreciation in capital values that accrues to properties serviced by new infrastructure. Therefore, at least part of this value can be recovered by the infrastructural authority that created it, in the form of a one-time levy. The difficulty of calculating the equitable amount of this levy has, in the past, limited the use of betterment charges in most countries.

(b) *Land-readjustment schemes*. Under land-readjustment programmes, undeveloped areas (usually on the urban fringe) can be designated for "improvement", including the rearrangement of plots, the grading of land, the construction of roads and the provision of infrastructure. Instead of paying a betterment levy, land-holders must surrender part of their land to the local authority as payment for the improvements. The local authority can then resell this portion of the land to recoup the improvement costs.

Public land-development schemes can increase the supply of land while recovering the cost of infrastructural improvement

80. In the past, many infrastructural agencies have proceeded to develop networks independently, following a one-dimensional approach that has over-focused on the networks themselves and ignored the land around them. They have, thus, ignored the cumulative effects of those networks on the adjoining land and structures that have greatly benefited. If different infrastructural agencies, particularly those concerned with roads, can in the future co-ordinate their efforts and focus on land development rather than on the provision of linear networks, the public sector, in many cases, will be able to recover the costs of infrastructure through the purchase of land, its development and its distribution.

There is a need to explore the potential for financing and operation of infrastructure systems by the private sector or by community organizations

81. Little consideration has been given to the financing of infrastructure as a private-enterprise or community/co-operative activity. Yet, if money is borrowed for a business or community investment, there is obviously a strong incentive to establish realistic user-charges, to pursue revenue collection and to operate and maintain the investment facility as efficiently as possible. There is probably considerable potential for, at least, the installation of small-scale infrastructural and their use by suitably regulated non-governmental agencies.

2. Financing for housing

Shelter-finance reform will have to be seen as part of a broad effort to develop and reform the financial sector

82. A key component of a shelter strategy is in the area of housing finance, where it is clear that Governments have an obligation to ensure that an appropriate environment is created for the mobilization of funds. The development or reform of institutions engaged in financing housing should be part of an overall effort to strengthen and develop the financial system of a country. The objectives of such an effort are to promote and mobilize savings, reduce the cost and improve the efficiency of financial intermediation, and promote the free movement of capital throughout the national economy.

Shelter development will require a steady flow of long-term finance

83. Strategies for financing investment in shelter have to address the central issue of mobilizing a steady flow of long-term finance. Housing requires a longer term than

some other types of investment, because housing costs are usually a large multiple of household incomes, making amortization of loans over a long period necessary. Several sources of finance need to be considered, including not only savings by households in financial institutions but also funds from the sale of housing bonds (which may be backed by mortgages as security) and funds accumulated in compulsory savings schemes, such as provident or pension funds, life insurance and other social security systems. The degree to which funds will be forthcoming from such sources is in part a question of general economic conditions and in part a measure of the degree to which Governments can modify incentives or costs of making funds available for housing finance.

Governmental fiscal and credit policies should be oriented to ensuring that the shelter sector is allowed to compete fairly for financing and that the costs of financial intermediation are minimized

84. Governmental policies regarding investment priorities and availability and pricing of credit can have a strong impact on the ability of any sector of the economy to compete for investment resources. In recent years, Governments have often made it difficult for the housing sector to compete for funds by establishing policies that have directed credit to sectors of the economy that were held to be more productive than housing or by establishing interest-rate restrictions on deposits or lending rates of housing-finance institutions that made such institutions financially unviable, unable to compete for funds and unable to continue to make loans. Shelter strategies need to examine closely the continuing rationale for such policies and, when it appears warranted, seek the elimination or restructuring of governmental credit-allocation procedures, the establishment of deposit rates at housing-finance institutions that will mobilize additional savings, the fixing of lending rates that will ensure financial viability and the approval of new types of mortgage instruments, such as adjustable or graduated payment mortgages, that will permit housing-finance institutions to respond flexibly to changing macro-economic conditions. Governments should avoid using housing-finance institutions as vehicles for housing subsidies, since there are almost always more equitable and efficient subsidy mechanisms available which do not threaten the financial integrity of lending institutions. One objective in any country should be to reduce the cost of housing finance to the lowest possible level that is consistent with sound financial and economic principles. This requires looking closely at the way in which governmental regulations influence the many components of housing finance. Among the components that make up the cost of financing to the ultimate user are the deposit rate or cost of alternative funds, loan origination and servicing costs and a variety of costs associated with risk-bearing, such as risks of default, risks of future interest rate changes, and liquidity and prepayment risks. The levels of these costs and risks are often directly influenced by governmental regulations which must be closely scrutinized in order to identify modifications that could reduce risk, reduce costs and, ultimately, reduce the cost of financing to end-users.

Given the substantial and growing demand for rental housing, particularly in the rapidly growing urban settlements of developing countries, financing will have to be mobilized and made available for the production of shelter for rental purposes for all income groups

85. In all countries, rental housing contributes a substantial portion of the existing urban housing stock. In some centrally planned economies, the majority of the urban housing stock is built by State enterprises and rented at extremely low rates. In market economies, the growing demand for rental housing concerns all income groups and is determined by the modernization processes taking place in those societies. Many households, regardless of their income level, are not necessarily interested in buying a house. There are many reasons for this - expected mobility, reluctance to invest a disproportionate share of income or resources in a fixed asset or, simply, unaffordability. Low- income groups in developing countries are often interested in renting decent and affordable accommodation close to the location of their income-generation activities. The production of new housing units for rental purposes is often hampered by the unintended results of social legislation designed to help the weak groups of society, e.g., rent controls over the urban housing stock which, particularly in times of high inflation, often crystallize with time into unfair privileges for consolidated tenants and the exclusion of deserving households. A review of rent-control legislation, in line with the general principles of the Strategy on subsidy policy - compassion, equity, and efficiency - will have to be undertaken in all countries. In centrally-planned economies, Governments may be interested in making rental arrangements more efficient than they are now. Other countries will need to explore ways to promote shelter supply through the production of rental housing by the private sector, formal and informal. A potentially very important channel of financing will be small loans to owner-occupiers willing to build cheap rental housing through additions to their dwellings.

Lending for individual housing mortgages cannot be sustained without significant improvements in recovering loans and reducing loan-default rates

86. Many housing-loan arrangements, by financial institutions, governmental agencies and community-based credit unions and co- operatives, suffer from high rates of default. Beneficiaries of such loans are one-time borrowers who may not be significantly threatened by reneging on their commitments. Evicting them from their houses for failing to pay is in direct contradiction with the effort to house them properly and, in many cases, difficult, if not impossible. The recovery of loans will need to be attended to at the community level, on a regular daily, weekly or biweekly basis, by people who remain close to the borrowers. There will be a need to devise collection systems that reduce the risk of lending to the poor and, possibly, to supplement them with special welfare funds to assist those unable to pay in times of dire need, including, if appropriate, a system of collective financial guarantees. Shelter financing for low-income groups will also be improved by measures to facilitate the security of titling of land and the security of tenure.

3. Targeted subsidies

Economic growth and creation of well-functioning land and housing markets are not always sufficient to ensure that shelter conditions are adequate for specially disadvantaged households

87. In general, it has been found that economic development produces society-wide gains in the adequacy of housing, based on a variety of measures of housing quality, space and access to infrastructure. On average, even the poorest members of society benefit from economic growth and well-functioning markets. Sometimes, however, the shelter and infrastructural conditions of substantial segments of the population may remain unacceptable, despite general gains in living standards. To deal with this problem, societies have instituted policies and programmes of subsidies, taking a variety of forms. Subsidies may be explicitly reflected in governmental budgets or may be implicit and off-the- books; they may be one-time or continuing; they may be attached either to specific components of the shelter bundle (e.g., land, housing, financing or infrastructure) or to the bundle as a whole; they may involve transfers from society as a whole to specific groups (as, for example, when they are financed out of general public revenues) or they may represent transfers from one narrow group in society to another group (as, for example, in the case of within project cross-subsidies or subsidies that are conveyed under rent controls). The volume and size of subsidies, again, have to be carefully appraised against the scale of the need and available financial resources.

Subsidy systems should be compassionate, equitable and efficient and will have to be reviewed with these principles in mind

88. Well designed subsidy systems are compassionate, equitable and efficient. In order to fulfil these objectives, certain general principles should be reflected in the design of any subsidy programme. A basic principle is that any shelter subsidy system must be seen as part of an overall strategy for meeting the needs of the poor and disadvantaged, and this requires balancing shelter objectives against those of other aspects of social welfare, such as education, health and general income support. In taking such a broad view, fulfillment of shelter objectives may sometimes be accorded a low priority relative to other social objectives. Next, two principles of equity must be considered: first, that subsidies provide the greatest benefit to those most in need and, secondly, that those in equal need be treated equally. These are issues of "targeting" and of benefit structuring. Partly in order to ensure that these principles are met, subsidies should be designed so that they are transparent and measurable. It should be apparent to anyone who is getting what in a subsidy scheme, in order to judge whether or not the scheme is fair. Finally, subsidy schemes should be efficient in two senses: first, that they deliver the greatest possible benefit to their intended beneficiaries at the lowest possible administrative cost and, secondly, that they do not impose unacceptable social or economic costs on people or institutions other than the direct beneficiaries. Adherence to this latter principle is particularly important in light of the experience of many real-world subsidy schemes, particularly those that have subsidized either infrastructural costs or housing finance for low-income households in ways that have jeopardized the financial integrity of the subsidy-granting organizations or, in too many instances, have led to their financial collapse. Shelter subsidies, encompassing both housing and infrastructure, need to be reviewed, since, in most countries, little is known concerning their scale, distribution or impact. The design of shelter subsidy policies in many countries appears to violate almost all of the principles described above, with little consideration of their role in an overall approach to the social welfare of the poor, with benefits accruing to high-income members of society and restricted to the few rather than to many equally deserving potential beneficiaries, with high administrative costs, and with painful unintended

consequences for those not receiving benefits. Overcoming these problems will require Governments to collect data and to perform studies, without which subsidy policies and programmes run the risk of lacking compassion, distributing benefits unfairly and imposing unacceptable costs on society relative to what is accomplished.

E. Shelter production and improvement

Increases in urban shelter output should be linked to improvement of integrated urban development processes and rationalization of infrastructure management

89. As noted previously, the bulk of new shelter demand, between now and the end of the century, will be in the urban settlements of the developing countries. In addition to this, these cities will need to manage the regularization and improvement of large informally built settlements. This is a tremendous challenge and at the same time, a tremendous opportunity. The processes will be largely guided by urban infrastructure and transport development policy, which will need to be the highest priority on the agenda of urban managers.

Integrated rural development programmes should incorporate shelter as a fundamental component

90. Integrated rural development was introduced in the mid-1960s to accelerate balanced, self-reliant, sustained socio-economic development and to institutionalize an equitable allocation of its gains. This strategy recognizes the need to supplement rural development approaches with additional goals, such as (a) administrative reform, (b) grass-root motivation, and (c) participatory planning. For this approach to be effective, attention will need to be given to other components of rural development in addition to agriculture. One key aspect is the "habitat" component of rural settlements, encompassing shelter, infrastructure and services to satisfy the needs of growing rural populations. This will permit:

(a) Widening of economic opportunities and enhancement of living standards;

(b) Focusing of development efforts on local social needs and local initiatives;

(c) Allocation of resources to low-cost investments, planned and implemented at local levels;

(d) Release of the full potential of local human and physical resources;

(e) Balancing of investments between sectors so as to improve the social efficiency of economic growth.

Where production of new shelter units is restricted by limited resources, emphasis will need to be put on the improvement of existing shelter units

91. All the components of national shelter strategies must be directed towards the production and improvement of large quantities of housing units to meet growing needs. Given present resource constraints in most countries, economic considerations might place improvement of existing units as a high priority, particularly where land is already occupied by established communities.

Land, infrastructure and building materials are the key physical resources for the production and improvement of shelter

92. The basic physical resource for a housing programme is land: secure tenure of land is a *sine qua non* for investment in shelter construction. However, land itself only becomes usable when it is serviced with basic infrastructure, so that land and infrastructure can be considered as an almost indivisible physical resource. Finally, the materials to construct housing and infrastructure must be mobilized in sufficient quantities to meet output targets. A shortfall in the supply of any of these three physical resources will normally result in bottle-necks in the production of shelter. The adequate supply of land, public infrastructural services and building materials th ough the removal of bottle-necks to their production is, thus, fundamental to the success of national shelter strategies. Equally important, however, is the way they are used, applying cost- effective and realistic approaches and affordable standards. These three key elements are treated in detail below.

1. Land management

Governments will need to stimulate the flow of sufficient land to meet shelter needs

93. In countries where land is owned by or controlled by the Government, the production and distribution of serviced land can be carried out through administrative and judicial procedures. For the most part, land is allocated on the basis of technical criteria, with the quality and value of land being taken into account. The supply of serviced land will normally be able to meet needs, provided sufficient public resources are allocated. Most developing countries function with systems of privately-held or communally-held land, and managing the flow of land resources from those who own them to those who

need them for housing construction is a complex task. Probably, the greatest failure of Governments in the housing sector has been the incapacity to stimulate a supply of sufficient affordable and officially recognized serviced land to meet low-income housing needs. The result, in most countries, has been the proliferation of shelter on squatted land and informally subdivided land with inadequate infrastructural services.

In many countries, Governments will need to recognize the practical importance of the informal land market and remove existing constraints to it

94. The land-distribution system for low-income housing has been largely an informal illegal private-market activity, with governmental interventions in the housing market being ineffective or counterproductive. Therefore, Governments will need to recognize and strengthen the practical features of the informal land market, while providing the kind of administrative support mechanisms that would remove undesirable features, for example, by introducing simple title-registration measures.

Governments will have to devise alternatives to the informal processes of land supply that have assisted many low-income families in the past but that may not be able to supply land to meet future needs

95. Informal processes of land development now play a crucial role in making land available to low-income and disadvantaged groups, particularly in the face of rapid urbanization in developing countries. The high cost to developers and individual households of acquiring land for shelter through the formal sector as well as the high standards for preparing that land have made it very difficult, if not impossible, for the poor, homeless and disadvantaged to gain access to legitimate housing on legally acquired land. There is, however, considerable doubt that established informal processes can continue to meet needs (even if it were desirable to look on informal supply as the permanent *de facto* policy of government). Therefore, some form of intervention by government may be necessary.

Where Governments do not directly control the land market, there will be an array of options for making land available to meet residential needs

96. The type of intervention by Government in the land market will depend on the form of political organization in each country and the variety of actors in the shelter-construction process. Where land is owned by the State, allocation of land is a simple issue: the problem is only one of distributing land appropriately to shelter constructors. Where land is privately owned, Governments will have to consider an array of measures, from guiding privately-owned land on to the free market at one extreme to full-scale land banking and public marketing at the other. Between these extremes, there will be mixes of possibilities, depending on whether the target groups are large- scale commercial builders, house-building co-operatives, small- scale informal contractors, individual house-owners or builders or others in the production process.

Carefully selected incentives and sanctions are realistic measures for interventions by Governments in land markets to increase of supply of residential land

97. In most cases, where land is largely privately owned and direct intervention by Government is needed to ensure distribution of a sufficient quantity of land, it will be necessary to increase administrative capacities for land-title and land-transaction registration, without which efficient and economical land distribution is virtually impossible. In most cases, direct land acquisition and distribution by Government is an unwieldy and expensive procedure, and it is highly improbable that most developing countries could operate such a system on a scale that would have any impact on the land-distribution system. It is most likely that a system of administrative financial incentives and sanctions, designed to circulate land within the private market, will serve the purpose best. Nevertheless, Government should always retain the final option of becoming a direct supplier of land, if such a step is necessary to stabilize land prices and maintain a balance between supply and demand. Appropriate land management tools need also to be identified to guide the use of land, including its efficiency, and the directions for settlement growth.

Land management will need to be improved through, inter alia, introduction of affordable land registration systems and programmes of land tenure regularization

98. Another priority area for national policy action will have to be the establishment of efficient land registration and land information systems at the municipal level, and the introduction of administrative measures and legal reforms to promote the efficiency of

land markets. Poor land systems, in general, increase the cost of acquiring and mortgaging land and, thus, the cost of shelter. In line with changes in land-registration procedures, public authorities should consider legal measures to reform land tenure systems, with the aim of improving private investment in housing. Much of the shelter in the cities of developing countries is built by the informal sector on land with often insecure tenure. However, in many instances, where the tenurial status of the land has been regularized, improvements to shelter and the construction of new shelter have materialized.

Shelter upgrading will require the preservation of land in low-income housing use

99. In many cases, particularly in the urban communities of the developing countries, existing informally-built shelter represents the value of accumulated tenure rights through prolonged stay. Gradual shelter improvement, particularly in the case of low-income families, thus contributes to the maintenance of substantial amounts of land in low-income shelter use. Even dwelling units that are currently meagre and below minimal standards often occupy land in good locations and, thus, have an economic value that appreciates considerably when they are gradually improved. The replacement of such units with new ones in outlying locations may add a financial and commuting burden to relocated families and may, thus, leave them poorer than before. It is essential, therefore, in formulating shelter strategies, to consider carefully the role to be played by gradual shelter improvement *vis-à-vis* new construction. It cannot be assumed *a priori* that one is to be preferred to the other.

Future squatting can be controlled, once an effective land-management system is in place, but squatters who have accumulated tenure rights, through prolonged stay need to be recognized and legitimized

100. A special concern, where the issue of land tenure arises, is the situation of the large number of existing low-income households that occupy residential lots on an illegal or informal basis. Because their large number make them a political force, because they have invested funds in their houses which now represent a national capital asset and because natural justice requires that they receive some special consideration, it is not realistic to suppose that they can be ignored as falling outside the national shelter strategy. The strategy should be designed to offer viable alternatives to squatting, but squatters already in place must be brought into the mainstream of the housing process through interim land-tenure programmes that will quickly regularize their position and put them on an equal footing with other participants. In this process the authorities must, however, take into account the prevailing tenure system in squatter settlements in order to avoid counterproductive measures.

Renters of inner-city slums who have accumulated tenure rights through prolonged stay need security of occupancy in order to remain housed and to upgrade, maintain and renovate their tenements

101. Another group that will require special attention in some instances is the residents of inner-city slums whose tenure situation is often precarious and whose living conditions are drastically affected by the uncertainty of their relationships with owners or landlords. If these residents are looked on in the same light as squatters, there is an arguable case for governmental intervention to protect their tenure and encourage maintenance and renovation of the buildings they occupy. In such a case, individual titles might not be appropriate, but a form of co-operative or condominium tenure could probably be devised to meet the needs of the case.

2. Infrastructure

Provision of water-supply and sanitation services in adequate quantities will be a key input to the production and improvement of shelter

102. To begin with, the activities of public authorities must concentrate on the provision of infrastructure to meet the expanding need for serviced land for shelter, in particular, and other productive activities, in general. To meet the vast quantitative needs of the coming 12 years, the emphasis in the provision of serviced land must be on quantity. To attain the quantities of serviced land required, infrastructure will need to be installed at standards affordable by the target populations and the providing agencies so that the facilities can be provided to the scale required. Shelter-related infrastructure is a natural concern of public policy in most developed and developing countries, and the benefits of investment in infrastructure are considerable, since the rates of return are

high, household spending on shelter is often stimulated, and *de facto* security of tenure is established for many households in informal settlements through public provision of basic infrastructure. Infrastructure provision, particularly for low-income informal settlements, can also improve general levels of health, thus reducing or, at least, stabilizing public-health expenditures.

per capita costs of infrastructure will need to be reduced to ensure adequate coverage

103. Reduction in *per capita* (unit) costs for construction of basic infrastructure is clearly an effective means of increasing the real value of resources available for expanding infrastructure, provided, of course, that systems meet acceptable performance and safety standards. Costs may be reduced in many ways. Of these, the adoption of inexpensive and resource conserving technologies and the use of locally produced materials and components hold the greatest promise. The use of least-cost technologies needs to be accorded prominence as a fundamental strategy for increasing infrastructural coverage in most developing countries.

Appropriate and relevant infrastructure technologies available that are not being employed because professionals are not proficient in their use

104. There is a wide range of low-cost technologies suitable for the differing physical, social and economic conditions of developing countries. A technology that provides a socially and environmentally acceptable level of service and the full anticipated benefits, at the least economic cost, may be considered appropriate. Not all of these technologies are readily known to senior professionals and decision makers, and a concerted effort is required to bring relevant technologies to their notice and to make corresponding design and implementation procedures a part of formal professional training.

Operating and maintenance costs of infrastructure will need to be taken into account in choosing appropriate technologies

105. Operation and maintenance are closely related to cost- effectiveness and quality of service and are, in fact, determining factors of both. Agencies are becoming aware of the need to budget for system maintenance, in order to prevent systems from failing and falling into disuse and from demanding premature replacement investment. Without adequate operation and maintenance, intended benefits of capital outlays are reduced or lost. Infrastructural systems designed on the basis of conceptual simplicity and ease of installation, operation and maintenance offer the best prospects for durable service. Emphasis needs to be placed on strategies that promote the consideration of operation and maintenance issues as an integral component of project planning.

3. Building materials and technology

Special actions will be needed to support local production and use of indigenous materials

106. The first priority with respect to construction resources involves making use of indigenous materials and methods. This may require policies that support governmental investment in surveys and assessments of raw material resources, feasibility studies for the exploitation of promising resources, technical research and development to evaluate, test and upgrade indigenous materials and products, promotion of products in the market place and studies of regulations and contracting methods to identify constraints to the acceptance and use of indigenous materials. Suitable action will have to be taken to promote local factors of production for construction - notably, building materials, construction manpower and basic tools. This may involve policy formulation or policy adjustment in several areas and it may involve the establishment of new institutions or the expansion of existing institutions and may, thus, involve the allocation of additional resources in these areas. Policy formulation requires a comprehensive approach, covering the following: (a) establishing or strengthening research and other institutions to deal with the development of indigenous building materials and with the formulation of standards and specifications for them; (b) setting up testing laboratories or centres; (c) providing training for and information to building materials producers and users, especially to the small-scale and traditional producers and particularly in aspects of quality control; (d) making raw materials, especially those of geological origin, easily accessible to producers; (e) facilitating the flow of credit and capital to producers of building materials, especially for new investors seeking to commercialize innovations; and (f) adopting fiscal adjustments and related measures on imported building materials, as a means of making local production competitive with import-based materials. Again, the type of production supported and the incentives and other forms of support given will depend on the resources available for those purposes and the targeted standard of

shelter defined in the objectives. The ecological implications of the more intensive use of indigenous resources such as energy or raw materials for building materials production need also to be addressed.

The appropriate technology for shelter and infrastructure in developing countries might fall between modern imported technology and traditional technology. Previous mistakes in technological choices will have to be reviewed in order to improve production and use of building materials

107. Currently, the delivery of shelter and infrastructure relies either on traditional technologies, which are often rudimentary and defective, or on modern technologies, which are imported at excessive cost and are often inappropriate. The criteria for selection of the best technology should include: (a) the affordable initial cost of the technology; (b) the ability of local labour to handle and maintain the technology, and (c) a programme of adaptation of imported technology and the eventual replication of such technology. However, to a large extent, the problems confronting the building materials sector in developing countries can be attributed to the issue of technology application. In some instances, wrong choices in technology have been made and in others the choice of technology has been appropriate but the technology has been wrongly applied or transferred. These problems lead to high cost of production, insufficient production capacity, low quality of products and diminished prospects for investment. Therefore, attention should focus on developing local innovations and advising on their appropriate application rather than continuously transferring foreign technologies.

Small-scale producers of local building materials will need to be encouraged, and small-scale building materials production will need to be reviewed to overcome deficiencies, increase investment and introduce innovations

108. Rapid expansion of the supply of basic building materials at low cost can be achieved by promoting the small-scale sector. By adopting recent technological innovations, it is possible to develop an entire building materials industry exclusively based on small-scale production units. Hence, promoting small-scale production of building materials is a practical approach to developing a self-sufficient building materials industry. However, the small-scale sector is especially vulnerable because small production units are characterized by an unskilled labour force, a high rate of illiteracy, lack of access to credit (especially foreign exchange), lack of access to information on technological innovations and, most of all, lack of appropriate institutional support for technological choice. A strategy for the application of appropriate technology in the small-scale sector should address the following three areas: first, the shortcomings in performance of technologies already established in production; secondly, the issue of new investments in technologies to overcome those limitations; and, finally, the identification of innovations that are yet to be transferred either from local sources in laboratories and research institutions or from international sources. In the small-scale sector, the first two issues, particularly the first, deserve priority attention.

The capacity of the building industry to accept and adapt new technologies will need to be enhanced through technical assistance and through incentives for innovation

109. The process of technology transfer should be facilitated and sustained by promoting local technological capacity, that is, the ability to receive technologies, adapt them effectively, replicate improvised technologies and, thereafter, develop innovative technologies. For the small-scale building materials production sector, improvement of local technological capacity would require: (a) data on small-scale deposits of geological raw materials and residues of agricultural and industrial products usable in building materials production to guide investment decisions and provide guidelines on basic production characteristics; (b) documentation of standards, specifications and quality-control procedures; (c) advice on machine practice and fabrication, essential for the maintenance and repair of simple imported machinery and the replication of equipment and tools incorporating local innovations; (d) incentives for technological innovation tapping improvised solutions that often represent genuinely appropriate systems for the sector; and (e) subsidies in support of construction technologies based on the valorization of locally-available building materials.

The development of the local building industry will need to be efficient, in line with economic growth objectives and in keeping with the natural resource endowments of each country

110. The whole task of expanding the capacity of the building materials and construction sector should be approached with the aim of maximizing economic benefits. The obvious target of the sector is to provide shelter, infrastructure and similar output.

However, this goal can be self-defeating if it is met in uneconomical ways, as indeed is happening now. The task comes down to choosing those correct technologies which are consistent with the resource endowments of the country and sustainable in economic and ecological terms. In the building materials sector, most small-scale technologies are capable of operating within the resource capacities of most developing countries, particularly if the objective is to produce abundant supplies of low-cost materials.

IV. INTERNATIONAL ACTION

A. General principles

International support for the Global Strategy for shelter has already been called for by the General Assembly

111. In the annex to its resolution 42/191 entitled "Global Strategy for Shelter to the Year 2000", the General Assembly stated:

"All United Nations bodies, specialized agencies and institutions should support, as necessary, the Commission on Human Settlements and the Executive Director of the United Nations Centre for Human Settlements (Habitat) in the formulation and implementation of the Global Strategy for Shelter to the Year 2000 and ensure that their relevant country-specific activities are supportive of and co- ordinated with the shelter strategies."

Useful lessons can be learnt from experience with similar initiatives

112. It is helpful to know that initiatives germane to the Global Strategy for Shelter have been taken before. The United Nations as a whole is now embarking on the formulation of its international development strategy for the fourth development decade. The World Health Organization (WHO), after the International Drinking Water and Sanitation Decade, also launched a Global Strategy for Health for All to the year 2000, supported by a global action plan and by detailed monitoring procedures. Close contacts will have to be established with this and other organizations, in order to draw useful indications from their successes and failures and to co-ordinate implementation and monitoring procedures.

International action is crucial for the success of the Global Strategy, but certain conditions are needed for such action to be effective

113. Meeting the Strategy's objective - adequate shelter for all by the Year 2000 - depends primarily on national action. However, its success will be measured by the number of people whose shelter conditions will be improved and the number of countries that will be able to meet this objective. In general, the countries where shelter problems are acute and widespread are the ones that have fewest resources and the least know-how. It is clear, therefore, that the Global Strategy will fail unless appropriate assistance is given to such countries. International action will be crucial also in another respect. Since the policies of international agencies influence the attitude of both donor and recipient countries, the adoption of the Strategy on the part of international agencies and non-governmental organizations will have important multiplier effects. As in national contexts, however, international action will be most effective under certain conditions: some of these conditions are illustrated below.

First, it must be realized that international support will depend on a full understanding of the beneficial implications of the strategy for national, regional and global development as well as for international co-operation

114. Human settlements and shelter are not the only concern of the global development community or of the United Nations system. To some international organizations and bilateral agencies, human settlements and shelter are a very marginal concern. In many quarters, the old-fashioned attitude still persists of considering settlements and shelter development as a low- priority social expenditure, diverting resources from economic growth or from pressing social needs. Fortunately, considerable progress has been made in demonstrating that shelter is an integral part of development and can strengthen efforts in the direction of self-development, equity and meaningful economic growth. Efforts in this direction will need to be maintained and intensified in the international arena, particularly in making the goals and principles of the Strategy widely known and in reaching key policy-makers at both the national and international levels.

Secondly, the operational implications of the Strategy will have to be reflected in future policy statements on development co-operation, starting with the international development strategy for the fourth development decade

115. It is expected that the initial result of the efforts mentioned above will be a substantive discussion of the Strategy by all international organizations, be they intergovernmental or non-governmental, particularly by those involved in development co-operation with and among developing countries. In many cases, this review will bring about long-overdue and substantive policy changes. In other cases, this may not occur.

Even in these latter cases, the debate and circulation of new ideas that will ensue will have an impact and sow the seeds for support to and involvement in the Strategy at a later stage.

Thirdly, international action will be crucial, particularly in the formulation of national shelter strategies according to the general recommendations formulated for national action

116. One of the results of the actions outlined above is the integration by international agencies and organizations of the goals of the Global Strategy in their own work programme. Agencies dealing with sectoral aspects of development not directly related to shelter will emphasize the links between their areas of concern and the shelter sector, and will scrutinize the impact of their current activities on the objectives of the Strategy. However, the most important actions will be those undertaken in the crucial initial implementation period in support of national shelter strategy efforts. This kind of support will have to be based on the principle that the implementation of a shelter strategy in any given country will not be the product of any international agency's work in the country in question, that is, it will not be "administered" as a national disaggregation of a global or regional work programme. The term "national shelter strategy" will be taken to mean "the nation-wide shelter strategy at work in each member State".

Fourthly, recipient countries should have realistic expectations as to what external assistance can or will do. The ultimate goal of external assistance should be to enhance and support national capabilities to develop and implement the national action components of the Global Strategy

117. A further condition for making international action effective is for both international and national organizations to grasp the modalities whereby such action can be most productive. There is no way, for example, by which the quantitative national objectives of the Strategy can be financed through external loans. These objectives can and must be met primarily through the mobilization of internal human and financial resources. This principle also applies to the national shelter strategy itself which should be activated by the government of each country and designed by the very actors who are already the operators of the national shelter production and consolidation process. The role of international agencies will be, as in all other aspects of the Strategy, an enabling one.

The overall financial implications of the Global Shelter Strategy, while difficult to calculate because of differences in resources, needs and approaches, should still be estimated in a series of successively more accurate assessments

118. There is an obvious need to produce at least a rough estimate of the investments that will have to be made to implement the Global Shelter Strategy and of the related financial implications. However, such an estimate is a very difficult undertaking, particularly in global terms. The scale of shelter deficiencies varies from country to country, and investment patterns will depend on the form of strategy of each country. In some cases, countries may not have to invest much more than they are now investing, because their problems are largely institutional. In other cases, massive increases of public/private investment may be required (but may be available, with the release of tied-up resources through new mechanisms for financial mobilization). Nevertheless, it may be possible to initiate a very rough preliminary estimate based primarily on national and regional assessments, to be improved and expanded with time. It is also understood that any estimate of financial resource components pertaining to the United Nations will have to exclude real budget increases.

The limitations on the possibilities of action for financing of shelter placed on many developing countries by their external- debt situation should be further examined with a view to abolish or at least reduce them

119. A situation of high external debt and high service charges for these debts necessitates a restrictive internal finance and credit policy, and may, *inter alia*, contribute to high interest rates. This situation, which exists in many developing countries, places severe limitations on the possibilities of creating the proper finance conditions to make loan-financed shelter affordable to the lower-income groups. The question of alleviating the external-debt burden of developing countries is under discussion within relevant international bodies. In its further work on the Global Strategy for Shelter to the Year 2000, the Commission on Human Settlements will contribute to this work by examining the connection between the debt situation and shelter finance. The first examination of the question by the Commission will take place at its twelfth session as requested by the

Commission in its resolution 10/16 on the basis of the report to be prepared by the Executive Director of the United Nations Centre for Human Settlements (Habitat).

B. The role of Governments

The Global Strategy will be reinforced by initiatives on the part of developing countries to increase mutual technical co-operation

120. The experience of UNCHS (Habitat) and of other international agencies in the past 10 years in the research and technical co- operation fields has amply demonstrated the extreme diversity and richness of shelter-development experience in all countries, particularly in the developing countries. The dissemination of the experience of developing countries has often been impaired by overconfidence in the applicability of examples from the developed countries and by excessive reliance on the initiative of international organizations. Global exchanges of experience have also been constrained by language and cultural barriers and by self-imposed limits in subregional or regional exchange, based on an exaggerated notion of national differences. Both developed and developing countries will have to recognize this and support shelter studies and policy analyses at the national level in developing countries as well as technical co-operation programmes and projects among developing and developed countries on a global scale.

National shelter strategies will benefit from a review of the nature and kind of external assistance required to complement their implementation

121. External assistance in the shelter sector, as well as in other areas of development, is taking place in an *ad hoc* manner, with little co-ordination and often in total isolation from official development plans and programmes. This is the very antithesis of the principles of the Global Strategy. The fact that this kind of assistance can be of very limited value to the objectives of the Strategy must encourage national Governments, be they donor or recipient, to reformulate the terms of the external assistance question. Recipient Governments, in particular, will have to demand that external assistance reinforce their nation-wide shelter strategies. They will also have to take up the responsibility of formulating precise parameters for external assistance. This will require a review of past and ongoing external assistance to the shelter sector and of the impact on the sector of assistance given to other areas of development.

Governments providing external assistance should review their overall development co-operation programmes in the light of the Global Strategy and of its recommendations for national action

122. The above recommendation also applies to Governments providing external assistance in at least two respects. First, those Governments influence the policy of all international organizations, particularly of funding and executing agencies. Secondly, a large and growing percentage of shelter aid is given directly by countries on a bilateral basis. The impact of the shelter aid policies of individual countries is, therefore, going to have a crucial impact on the success of the Strategy. It is, thus, essential that such countries review their overall external assistance policies, by applying the general principles of the Strategy, evaluating their overall impact on the shelter sector as a whole and reviewing the thrust and relative importance of shelter aid. Many Governments have already supported global shelter projects. That support has been provided, for example, through the financing of a training programme on community participation, the production of guidelines for the preparation of national shelter strategies and the provision of assistance to developing countries in formulating national shelter strategies. It is clear that this kind of support will have to be greatly expanded in the future. Equally important will be the review of policies, either at the intergovernmental level or at the individual country level. Of particular interest will also be reviews of the external assistance policies of groups of countries with a view to increasing and improving assistance to the shelter sector.

C. The role of international organizations

Co-ordination among international agencies will have to be based on explicit commitment to the goals of the Global Strategy

123. As mentioned before, international commitment will be crucial for the success of the Strategy. Co-ordination is also a prerequisite to avoid overlapping and wasteful use of resources. Again, the basic principle for co-ordination should be drawn from the Strategy itself: success can be ensured if all the actors involved directly or indirectly in the shelter sector work together and do what they know how to do best. No agency should be excluded and no agency should think that it can do it alone. The endorsement of the Strategy will mean, first of all, subscribing to this principle.

International organizations, including the regional commissions, should devise and implement their own shelter strategies in coherence with the overall Global Shelter Strategy. In particular, they should review their programmes and policies in other sectors and be ready to revise their institutional structures to reflect new perceptions of interactions based on the Strategy

124. The Global Shelter Strategy is based on the combined efforts of national and international institutions. All will have a role and all will have to gain in terms of advancing towards a priority objective - adequate shelter for all by the Year 2000 - and contributing to overall development goals. This also means that the task of reviewing the effectiveness of existing approaches to and impacts on the shelter sector will not be limited to individual nations. The credibility of international organizations' support to the Strategy will depend on the extent to which they will be prepared to review their current policies and operations in the light of their potential contribution to the Strategy. This will have to be done, regardless of the specificity of any agency's mandate in the shelter sector.

Monitoring and evaluation should apply to intergovernmental and international non-governmental organizations as well as to national organizations

125. Intergovernmental and international non-governmental organizations will have a threefold role to play in the monitoring and evaluation of the Strategy. First, they will have a role in assisting the nation-wide monitoring and evaluation efforts of individual countries; secondly, they will have a role in consolidating these activities in a global monitoring and evaluation programme; thirdly, they will have a role in providing to other agencies and to Member States the results of the evaluation of their own efforts in supporting the Strategy. This last task will be crucial in demonstrating their involvement and their commitment.

D. The role of the United Nations Centre for Human Settlements (Habitat)

The United Nations Centre for Human Settlements (Habitat) will act as the co-ordinating agency in the implementation of the Global Shelter Strategy

126. The General Assembly resolution 42/191 is clear in assigning this role to the United Nations Centre for Human Settlements (Habitat). It is envisaged that, as with the International Year of Shelter for the Homeless, this new task will not imply new institutional arrangements and that co-ordinating activities will be integrated with the existing mandate and organizational structure of the Centre.

Global monitoring will be essential to give support and credibility to the Global Shelter Strategy. Such a progress will need to take place on a continuous basis and be based on rigorous global indicators

127. The progress of the Global Shelter Strategy will need to be followed and documented on a regular basis. An effective monitoring and evaluation mechanism will be essential to judge whether national and international action is going in the right direction, to take advantage of old and new lessons and to transmit insights and policy indications. A regular forum for this will be provided by the biennial sessions of the Commission of Human Settlements at which Governments and agencies will report on their progress and exchange the results of their work. The basic platform for this kind of reporting will be provided by the Strategy itself, in the sense that all Member States will need to report on action taken on the recommendations for national and international action. However, additional mechanisms will have to be put in place to support this process. The Centre, for example, will need to collect on a regular basis the data assembled by national Governments and international organizations in response to the tasks outlined by the Strategy, particularly those related to the organization of the shelter sector. This will allow immediate transfer of strategic data to and from Strategy participants, be they governmental, intergovernmental, or non- governmental.

As the co-ordinating agency for the Global Shelter Strategy, the United Nations Centre for Human Settlements (Habitat) will have to stimulate international and national action by incorporating the Strategy in its future medium-term plans and biennial work programmes

128. The incorporation of the Strategy in the Centre's future programmes of work is a relatively easy task since the Strategy's principles are consistent with the goals of the International Year of Shelter for the Homeless which has, in turn, inspired the Centre's last two work programmes as well as the draft of its medium-term plan for 1990-1995.

An inter-agency level working arrangement will be needed to provide continuous co-ordination of the Global Shelter Strategy

129. While the Commission on Human Settlements will remain the main forum for co-ordination, monitoring and evaluation, other arrangements will have to be made to support and reinforce the Commission's role. One of these arrangements will be the proposed *ad hoc* task force on human settlements of the Administrative Committee on Co-ordination, which could function as the interagency-level mechanism for the co-ordination of United Nations activities.

The Centre will prepare a reporting format to facilitate monitoring of progress by the Commission on Human Settlements

130. When the Commission has formulated its Global Shelter Strategy, its findings should be circulated to all Governments for the programming of follow-up action. At the same time, the Centre should prepare a draft reporting format that can be followed by Governments in making their biennial contributions to the Commission. This format would define the action areas to be covered and would suggest the kinds of indicators to be presented by Governments as the basis for strategy monitoring. The reporting format could be presented to the Commission at its twelfth session so that the biennial reports could be submitted starting with the thirteenth session.

Implementation of the Global Shelter Strategy has no implications for regular budget funds. However, significant voluntary financial contributions will be required to support strategy formulation by Governments, to activate interest and support on the part of the international community and to provide for overall co-ordination and monitoring

131. It is not anticipated that the implementation of the Strategy will require additional financial resources from the regular budget of the United Nations. Because of

this, however, a substantial amount in extrabudgetary contributions will be required to ensure the implementation, monitoring and evaluation of the Strategy. These contributions will enable the Centre to perform its supporting, co-ordinating and catalytic role in carrying out the plan of action. As was the case with the programme of the International Year of Shelter for the Homeless, such voluntary contributions would be made to a specific Global Shelter Strategy account within the United Nations Habitat and Human Settlements Foundation. Without such support, it is difficult to see how the Strategy could be effectively implemented.

There will be a need to co-ordinate the formulation and implementation of the Strategy at the global, regional and national levels

132. Implementation of the Global Shelter Strategy is also entirely dependent on how the Strategy is formulated and developed. Development of the Strategy should be permanent, taking into account the constant changes in conditions and in economic and political factors, with detailed formulation of implementation programmes on a two-year basis. The Strategy should be subject to refinement in the light of the actual international political and economic situation. To ensure that account is taken of regions' and countries' specific features and needs, consideration should be given to establishing under the auspices of each regional bureau an expert working group to review regional problems for inclusion in two-year implementation programmes. Implementation of the Global Shelter Strategy requires the elaboration of detailed two-year programmes of action by the United Nations, including regional programmes. National shelter strategies should be co-ordinated with the Global Shelter Strategy and should be implemented through appropriate national programmes of action.

V. CONCLUSION AND PLAN OF ACTION

A. Conclusion

133. The current and worsening global shelter situation in which the basic human need for adequate shelter remains unmet for a large and growing segment of humanity, has become a source of deepening concern to Governments, organizations and individuals alike throughout the world. Anxiety is expressed not only at the effects on the present population of the current shelter deficiency but, more disturbingly, at the future implications for society of the continued unfavourable supply trend in the face of growing need. Indeed, an important (if paradoxical) outcome of the successful observance of the International Year of Shelter for the Homeless, 1987, was to delineate even more sharply the scale of the global shelter problem and at the same time to highlight the magnitude of the task that remains to be accomplished if humanity is to begin to move closer to its ultimate goal of adequate shelter for all.

134. To facilitate this move towards adequate shelter for all is the stated objective of the Global Strategy for Shelter to the Year 2000, as envisaged in Commission on Human Settlements resolution 10/1 and General Assembly resolution 42/191. Adoption of the Global Strategy thus is predicated on the dual premise that not only adequate shelter for all must be pursued as the desirable goal for human society but, more significantly, that it is also attainable as a specific objective within a specified time-frame given the political will. It has been the aim of the present report to set forth and explore some of the critical steps that will have to be taken, particularly at the national level, in order for the objective of the Strategy to be realized. Particular emphasis, it has been pointed out, will have to be placed on action in the following specific areas:

(a) Macro-economic policy;

(b) Institutional co-ordination;

(c) Legislation and regulation;

(d) Data collection and analysis;

(e) Financial resources and mechanisms for shelter and infrastructure;

(f) Land;

(g) Shelter;

(h) Infrastructural development;

(i) Building materials and technology.

It is also proposed that such action be carried out within the framework of the Plan of Action and timetable appearing below:

B. Plan of Action

135. The Plan of Action will be carried out by the Member States of the United Nations individually and through intergovernmental co-operation, by the Commission on Human Settlements and by the United Nations Centre for Human Settlements (Habitat). The implementation of the Global Strategy for Shelter to the Year 2000 through the Plan of Action will be monitored and reviewed by the Commission on Human Settlements during its sessions, starting with its twelfth session, to be held in 1989. The Plan of Action will be progressively updated and refined by the Commission and, if necessary, by the General Assembly throughout the period up to the year 2000.

136. The programme of action within the framework of the United Nations should be aimed at:

(a) Enhancing the role of the United Nations, the Commission on Human Settlements and the United Nations Centre for Human Settlements (Habitat) and other international governmental and non-governmental organizations in co-ordinating and strengthening international co-operation in the implementation of the Global Strategy;

(b) Developing and improving technical co-operation and providing technical assistance in resolving the shelter issue;

(c) Developing and improving international financial assistance, including assistance using funds released from the sphere of armaments into the housing sphere.

137. The regional programmes of action should be aimed at:

(a) Formulating recommendations on regional and national strategies and improving laws and standards;

(b) Carrying out regional and subregional research and projects;

(c) Disseminating scientific and technical information;

(d) Collating and exchanging regional and subregional experience in the resolution of the shelter issue;

(e) Co-ordinating the training and retraining of the specialist personnel necessary for the implementation of shelter strategies and programmes;

(f) Developing model projects corresponding to the conditions in the region and subregions concerned;

(g) Developing building techniques and technologies for the manufacture of building materials that take into account the local raw materials, conditions and capabilities.

138. In the implementation of the Global Strategy, Member States will:

(a) Review their shelter policies, if they have not already done so, in light of the guidelines of the Strategy;

(b) Formulate national strategies for shelter for all, if they have not already done so, or update national strategies that have already been prepared;

(c) Decide on specific targets in accordance with the areas of action indicated in the Strategy;

(d) Develop plans of action as part of their strategies and report to the Commission on Human Settlements on progress made in improving national shelter conditions.

139. In the implementation of the Global Strategy, the Commission on Human Settlements will:

(a) Review and approve the preliminary Plan of Action and progressively update and extend the Plan of Action throughout the implementation period;

(b) Analyze and adopt, as necessary, additional global guidelines or more refined global guidelines than appear in the first version of the Strategy, based on national targets mentioned;

(c) Monitor the progress of action on the Strategy and evaluate the impacts of the Plan of Action;

(d) Prepare the medium-term plans commencing in 1992 and for the period 1996-2001 in such a way as to support the Global Strategy and national strategies;

(e) Ensure the biennial work programmes of the United Nations Centre for Human Settlements (Habitat) appropriately reflect the guidelines of the Global Strategy and support the requirements of the Plan of Action.

140. In the implementation of the Global Strategy, the General Assembly will:

(a) Review and approve the Strategy at its forty-third session;

(b) Review any recommendations of the Commission on Human Settlements concerning the adoption of further global guidelines or global objectives;

(c) Ensure that the medium-term plans commencing in 1992 and for the period 1966-2001 reflect the guidelines of the Strategy;

(d) Ensure that the international development strategy for the fourth United Nations development decade takes into account the principles of the Strategy;

(e) Ensure that biennial work programmes of the United Nations, up to the year 2000, support the requirements of the Plan of Action.

141. In the implementation of the Global Strategy, the United Nations Centre for Human Settlements (Habitat) will:

(a) Ensure secretariat support to Member States in the preparation and implementation of national strategies;

(b) Widely disseminate publications and other information material relevant to the Strategy;

(c) Prepare detailed proposals for the monitoring of the Plan of Action and submit these proposals to the Commission on Human Settlements at its twelfth session to be held in 1989;

(d) Assist Member States in obtaining technical assistance for the preparation and implementation of national strategies;

(e) Assist Member States in the development of human resources necessary to support their efforts in implementation of the Strategy;

(f) Promote studies on ways of overcoming economic, social, educational and administrative obstacles to the implementation of the Strategy;

(g) Encourage inter-sectoral collaboration, within and outside the United Nations system, in the implementation of the Plan of Action;

(h) Promote interregional collaboration between member Governments in the implementation of national shelter strategies.

142. In the implementation of the Global Strategy, international agencies, regional economic and social commissions, intergovernmental and non-governmental organizations will:

(a) Review their current programmes and incorporate shelter goals in accordance with the guidelines of the Strategy;

(b) Ensure that future medium-term plans and work programmes reflect appropriate emphasis on shelter elements as defined in the Strategy;

(c) Report to the sessions of the Commission on Human Settlements on contributions made to achieving the targets of the Strategy;

(d) Co-operate in the exchange of information on technical aspects of programming, financing, production and maintenance of shelter;

(e) Co-operate in research on policy issues related to the economic and social roles of shelter investment;

(f) Provide inputs to the establishment of a data-base on global shelter conditions.

143. In the implementation of the Global Strategy, Member States which are in a position to do so will:

(a) Facilitate technical and other forms of co-operation, including technical co-operation among developing countries, as requested by Governments in furtherance of the development of their national shelter strategies;

(b) Co-operate in the exchange of information on the formulation and implementation of national shelter strategies, through publications of the United Nations Centre for Human Settlements (Habitat) and through the sponsorship of meetings;

(c) Support research and development on shelter systems;

(d) Collaborate in the preparation and dissemination of training materials on policies and procedures focusing on the improvement of shelter conditions for poor and disadvantaged groups;

(e) Collaborate in the provision of training courses aimed at the enhancement of shelter management skills;

(f) Provide financial support to the Centre, through a special programme of the United Nations Habitat and Human Settlements Foundation, for promotion, monitoring and evaluation of the Global Strategy.

C. Timetable

144. The following timetable covers the period up to 1990. It is designed to fit in with the established schedule of the Commission on Human Settlements, whereby the medium-term plan for the period 1992 to 1995 will be considered at its twelfth session, in 1989, the work programme for 1992-1993 will be considered at its thirteenth session, in 1991, and the medium-term plan for the period 1996 to 2001 will be considered at its fourteenth session, in 1993. Although the Global Shelter Strategy will not be approved by the General Assembly until the end of 1988, many of the activities undertaken by Governments and concerned organizations as an immediate follow-up to the International Year of Shelter for the Homeless are relevant to and may be considered part of their Strategy effort. Accordingly those countries already involved in the implementation of national shelter programmes, as a result of the International Year of Shelter for the Homeless, will report on progress to the Commission on Human Settlements at its eleventh session in April 1988, and these reports will be considered the first of the series referred to above.

Proposed timetable for implementing the Plan of Action (1988-1990)

Date	Member States	United Nations Conference on Human Settlements (Habitat)	Commission on Human Settlements/ Economic and Social Council/ General Assembly	International (intergovernmental) and non-governmental organizations and agencies
			1988	
6-12 April	Reports on national shelter programmes in the context of the International Year of Shelter for the Homeless	Presentation of the Global Strategy proposal	Discussion and formulation of the Global Strategy at the eleventh session of the Commission on Human Settlements and recommendations to the Economic and Social Council	Participation in the eleventh session of the Commission on Human Settlements
15 April onwards	Commencement of review/ preparation of national shelter strategies	Dissemination of information on the Global Strategy	Delegations report to their Governments	Representatives report to their headquarters
		Preparation of detailed monitoring and evaluation plan		Review of existing programmes and framing of future medium-term plan in the light of the Global Strategy
	Reviews of development co-operation policies in support of the Global Strategy	Consultations with regional commissions, international organizations, agencies and non-governmental organizations to establish programmes and projects of the Global Strategy		
	Briefing of national delegations to the Economic and Social Council on development co-operation policies in support of the Global Strategy	Presentation of the Global Strategy to the Economic and Social Council	Economic and Social Council discussion and transmission of the Global Strategy to the General Assembly	Participation in proceedings of the Economic and Social Council
July	Participation in Economic and Social Council discussion of the Global Strategy	Incorporation of the Global Strategy into the 1990-1991 work programme and 1992-1995 medium-term plan		
		Preparation of the Global Strategy presentation to the General Assembly		First inter-agency meeting on the Global Strategy
3 October	World Habitat Day 1988: reports on national action	Promotion of World Habitat Day - 1988 throughout the world		World Habitat Day 1988: reports on progress on shelter programmes
November	United Nations Pledging Conference: voluntary contributions to the plan of action of the Global Strategy			
December	Discussion of and support to adoption of the Global Strategy	Substantive support to forty-third session of General Assembly	General Assembly: formal adoption of the Global Strategy	Participation in proceedings of the General Assembly
			1989	
January-April	Preparation of national reports on implementation of the Global Strategy based on the guidelines and plan of action	Follow-up and co-ordination of national reporting on the Global Strategy		Preparation of first progress reports on the Global Strategy
May	Twelfth session of the Commission on Human Settlements	Presentation of first consolidated progress report on the Global Strategy	Twelfth session of the Commission on Human Settlements: Review of activities of the Global Strategy; review of UNCHS progress report and of national reports; progress reports from regional commissions	Progress reports on the Global Strategy; illustration of medium-term plans and work programmes and their relationship to the Global Strategy

Date	Member States	United Nations Conference on Human Settlements (Habitat)	Commission on Human Settlements/ Economic and Social Council/ General Assembly	International (intergovernmental) and non-governmental organizations and agencies
June/ July	Follow-up action on the Twelfth session of the Commission on Human Settlements Follow-up action on the Global Strategy	Presentation of first progress report on the Global Strategy to the General Assembly through the Economic and Social Council	Economic and Social Council discussion on first progress report on the Global Strategy and its transmission to the General Assembly	Participation in Economic and Social Council proceedings Inter-agency meeting on the Global Strategy
2 October	World Habitat Day 1989: reports on national action	Promotion of World Habitat Day 1989 activities throughout the world		World Habitat Day 1989: reports on progress on shelter programmes
November	United Nations pledging conference: voluntary contributions to the plan of action of the Global Strategy			
December	General Assembly discussion on first progress report on the Global Strategy	Substantive support to the General Assembly consideration of first progress report on the Global Strategy	Report of the Commission on Human Settlements on its twelfth session, including first progress report on the Global Strategy	Participation in General Assembly proceedings
		1990		
January and onwards	Continuation of programmes and projects in support of national shelter strategies and reviews of programmes and projects in selected countries			
		Preparation of project report on national shelter strategies for the thirteenth session of the Commission on Human Settlements		
	Preparation of second round of progress reports on implementation of the Global Strategy based on guidelines and plan of action	Continuation of programme/ project development in view of reports to be presented at the thirteenth session of the Commission on Human Settlements in 1991		Continuation of programme/project development in view of reports to be presented to the thirteenth session of the Commission on Human Settlements in 1991
		Preparation of second consolidated progress report on the Global Strategy for the thirteenth session of the Commission on Human Settlements in May 1991		
July			Economic and Social Council July session (action to be defined)	Inter-agency meeting on the Global Strategy
1 October	World Habitat Day-1990: reports on national action	Promotion of World Habitat Day-1990 activities throughout the world		World Habitat Day-1990: report on progress in shelter programmes
November	United Nations pledging conference: voluntary contributions to the plan of action of the Global Strategy			

Notes

1/ For the report of the Conference, see *Report of Habitat: United Nations Conference on Human Settlements, Vancouver, 31 May-11June 1976* (United Nations publication, Sales No. E.76.IV.7 and corrigendum).

2/ Report of the Administrative Committee on Co-ordination Task Force on Long-term Development on the work of its fifteenth session, held at New York from 8 to 10 September 1987 (ACC/1987/14), para. 42.

3/ United Nations Centre for Human Settlements (Habitat), *Global Report on Human Settlements* (Oxford, Oxford University Press, 1987), p.6.

4/ See World Bank, "Urbanization in developing countries: issues and priorities", paper submitted to Development Assistance Committee meeting on urban development, Paris, 7-8 October 1986.

5/ S. Mayo, S. Malpezzi, and D. Gross, "Shelter Strategies for the Urban Poor in Developing Countries", *Research Observer*, vol. I, No. 2 (July 1986).

6/ For the report of the Commission on Human Settlements on the work of its tenth session, see *Official Records of the General Assembly, Forty-second Session, Supplement No. 8* (A/42/8 and Corr.1).

ANNEX I

A national structure for shelter strategy formulation

1. Many ministries and governmental agencies have critical roles to play in shelter production but they do not make the connection between their responsibilities and the elements that make up a shelter policy/programme. Given the target of adequate shelter for all, the problem is how to move towards the target in a co-ordinated manner. This requires identifying (a) the obstacles to shelter production and distribution in each sector, (b) the actors responsible for removing the obstacles, and (c) the actions they must take to remove the obstacles. Institutional co-ordination of such an exercise must be at the highest level, and the goal must be to design a practical programme of action.

2. One practical complication is, of course, the interdependency of actions that have to be taken by different agencies. There is very little point, for example, in increasing the supply of housing finance if there are insufficient building materials to increase housing production and/or insufficient building tradesmen to respond to increased construction demand.

3. Another problem of linking together action-elements of a shelter strategy is that some steps are more difficult than others and some steps have a longer time-frame than others. There is, however, a critical path in every national situation and the purpose of a national shelter strategy is to capture it.

4. Since each Government organizes its administrative structure in a unique way, there can be no standard description of agencies and their roles in the shelter production process. Nevertheless, some broad commonalities in governmental organizations can be identified. The description that follows does not necessarily apply to any particular country but, *mutatis mutandis*, might apply to a large number of developing countries faced with the need to formulate and implement a shelter policy.

5. A typical listing of participants and responsibilities, apart from the Ministry of Housing, might be as follows:

(a) *Prime Minister's department/Ministry of national development*

(i) Overall co-ordination of strategy preparation;

(ii) Monitoring of action implementation;

(iii) Evaluation of strategy impacts;

(iv) Review, updating and amendment of strategy elements;

(b) *Ministry of lands*

(i) Introduction of property title systems;

(ii) Introduction of transaction registration systems;

(iii) Preparation of land-acquisition legislation and execution of land-acquisition procedures;

(iv) Implementation of land-tax measures (in co-ordination with ministry of local government and ministry of finance);[a]

(c) *Ministry of public works*

(i) Installation, operation and maintenance of water- supply headworks and trunk distribution systems;

(ii) Installation, operation and maintenance of sewage treatment works and trunk collection systems;

(iii) Installation, operation and maintenance of trunk drainage systems and large flood-protection works;

(iv) Installation, operation and maintenance of power- generation works and trunk reticulation systems (or ministry of energy if power is a separate responsibility);

(v) Construction and maintenance of trunk roads (or ministry of highways if main roads are a separate responsibility);

(vi) Financing of infrastructure and recovery of costs (in co-ordination with ministry of finance);

(d) *Ministry of transport*

(i) Operation and/or licensing of public-transport systems;

(ii) Traffic management;

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a/ Land taxation should be seen as a land-management measure and not as a revenue-generation measure: therefore, it should fall under the responsibility of the ministry of lands/ministry of local government rather than the ministry of finance/treasury.

(e) *Ministry of health*

(i) Construction and operation of community-health facilities;

(ii) Management of neighbourhood health and environmental protection programmes;

(f) *Ministry of education*

Development of curricula, educational materials and educational methods for training professionals, technicians and artisans in the shelter sector (in co-ordination with ministry of labour/employment);

(g) *Ministry of industry*

(i) Development of indigenous building materials (in co- ordination with ministry of natural resources);

(ii) Adoption of rationalized building regulations (in co-ordination with ministry of local government);

(iii) Promotion of national construction industry;

(iv) Management of small-scale loan programmes for informal-sector entrepreneurs in the shelter sector (in co-ordination with ministry of finance);

(h) *Ministry of employment/national service* (if separate from ministry of industry)

(i) Manpower assessments of shelter sector;

(ii) Formulation of in-service training schemes, apprenticeship programmes etc. (in co-ordination with ministry of education);

(i) *Ministry of finance*

(i) Allocation of resources for public/private components of shelter sector;

(ii) Promotion and regulation of private-sector financial intermediaries;

(iii) Design of tax structures to support national housing policy;

(iv) Design of subsidy systems for groups needing financial support (in co-ordination with ministry of social welfare);

(j) *Ministry of local government*

(i) Integration of housing programmes with overall management of human settlements;

(ii) Small-scale title regularization and land development schemes;

(iii) Installation, operation and maintenance of neighbourhood infrastructure;

(iv) Provision of recreational facilities;

(v) Design and operation of local revenue generation mechanisms, e.g., property rating systems, collections for public utility user charges, betterment collection devices;

(vi) Promotion of community participation;

(vii) Promotion of small self-help schemes and short-term squatter settlement upgrading projects.

It might also be necessary to involve the ministry for rural development, if housing is to become a component of integrated rural programmes, the ministry of social development, if community development officers come under this ministry rather than the ministry of local government, and the ministry of co-operatives, if co-operative development is to be an important component of governmental policy.

6. In addition to governmental representatives, any co- ordinating body charged with formulating a shelter strategy may have to draw on private sector expertise for inputs. Amongst those who would have to be involved would be members of the banking industry, the construction industry, the academic community and the trade unions as well as spokesmen for non-governmental organizations active in this sector.

7. It is crucial that the convening and co-ordinating body be at the highest level of authority. Ideally, the national shelter strategy should fall directly under the Head of Government (e.g., Prime Minister), but, at least, the responsibility should be no lower than the minister for national development/economic planning. If this is not done, it is highly unlikely that the exercise will have sufficiently serious participation, if any at all, from the whole range of bodies mentioned above. Full and high-level participation does not, in itself, guarantee success in the policy formulation and implementation effort, but lack of it will certainly reduce the chance of success.

ANNEX II

I. GUIDELINES FOR STEPS TO BE TAKEN AT THE NATIONAL LEVEL

A. Considerations for Governments when formulating a national shelter strategy

1. A national shelter strategy must spell out clear operational objectives for the development of shelter conditions both in terms of the construction of new housing and the upgrading and maintenance of existing housing stock and infrastructure and services.

2. In the definition of those objectives, development of shelter should be seen as a process whereby conditions are gradually improved for both men and women. The objectives need to address the scale of the problem, while the "adequate" standard aimed at should be identified on the basis of an analysis of the standards and options affordable to the target population and society at large. The objectives should be based on a comprehensive view of the magnitude and nature of the problem and of the available resource base, including the potential contribution of men and women. In addition to finance, land, manpower and institutions, building materials and technology also have to be considered irrespective of whether they are held by the public or private, formal or informal sector.

3. The objectives of the shelter sector need to be linked to the goals of overall economic policy, social policy, settlement policy and environmental policy.

4. The strategy needs to outline the action through which the objectives can be met. In an enabling strategy actions such as the provision of infrastructure may mean the direct involvement of the public sector in shelter construction. The objective of "facilitating adequate shelter for all" also implies that direct government support should mainly be allocated to the most needy population groups.

5. The public sector is responsible for developing and implementing measures for national shelter policies and for the adoption of measures to stimulate the desired action by other sectors. This can happen through measures in areas such as the locally based small-scale building-materials industry, appropriate financial schemes or training programmes.

6. Another important component is the development of administrative, institutional and legislative tasks that are the direct responsibility of the Government, for example, land registration and regulation of construction.

7. An analysis of affordability will provide the criteria for defining the right priorities and appropriate approaches and standards for public sector involvement. Likewise, such an analysis gives the criteria for planning the indirect involvement of the public sector, that is, the type of activities to be promoted and the appropriate way of going about it.

8. The appropriate institutional framework for the implementation of a strategy must be identified, which may require much institutional reorganization. Each agency involved must have a clear understanding of its role within the overall organizational framework and of the tasks expected of it. Mechanisms for the co-ordination of inter- and intra-agency activities need to be developed. Mechanisms such as shelter coalitions are recommended and may be developed in partnership with the private and non-governmental sectors. Finally, arrangements for the continuous monitoring, review and revision of the strategy must be developed.

B. Steps to be taken by Governments when implementing a national strategy

9. Organize work for the preparation of the strategy. For instance, a task force may be appointed for the actual work and a steering committee ensuring high-level political commitment set up to guide its work. Alternatively it may be possible to use existing mechanisms. Equal participation of women should be ensured at all levels.

10. Assess needs and resources. Estimates are required of the needs in housing construction and in upgrading and maintenance (including housing-related infrastructure), as well as of the resources that can be mobilized over the period to the year 2000 to cover those needs.

11. Analyse shelter options and standards that are affordable by the target groups and society at large, taking into account both the scale of need and all the resources available - finance, land, manpower and institutions, building materials and technology.

12. Set objectives for the construction of new housing and for the upgrading and maintenance of the existing housing stock in terms both of the scale of the activities and of the housing standards to be met.

13. Identify action through which those objectives can be realistically met. The estimated required resources for this action must not exceed those that can be made available by society. The action includes both direct government involvement and measures needed to encourage, facilitate and integrate active participation of other sectors in shelter delivery.

14. Prepare a plan of action in consultation and partnership with non-governmental organizations, people and their representatives, which:

(a) Lists the activities that are the direct responsibility of the public sector;

(b) Lists the activities to be taken to facilitate and encourage the other actors to carry out their part of the task;

(c) Outlines resource allocation to the aforementioned activities;

(d) Outlines the institutional arrangements for the implementation, co-ordination, monitoring and review of the strategy;

(e) Outlines a schedule for the activities of the various agencies.

II. GUIDELINES FOR STEPS TO BE TAKEN AT THE INTERNATIONAL LEVEL

15. International action will be necessary to support the activities of countries in their endeavour to improve the housing situation of their poor and disadvantaged inhabitants. Such assistance should support national programmes and use know-how available locally and within the international community.

16. The goal of external assistance should be to enhance and support national capabilities to develop and implement national action components of the Global Strategy for Shelter to the Year 2000.

17. Mutual co-operation and exchange of information and expertise between developing countries in human settlement work stimulate and enrich national human settlement work.

18. The United Nations Centre for Human Settlements (Habitat) will act as the co-ordinating agency in the implementation of the Global Strategy for Shelter to the Year 2000, on the basis of biennial plans to be drawn up with the involvement of experts working with Governments and the Centre on a regional and subregional basis.

19. As the co-ordinating agency for the Strategy, the United Nations Centre for Human Settlements (Habitat) will stimulate international and national action by incorporating the Strategy in its future medium-term plans and biennial work programmes.

20. An inter-agency-level working arrangement will be made within the existing budget to provide continuous co-ordination of the Strategy.

21. The United Nations Centre for Human Settlements (Habitat) will prepare a reporting format to facilitate monitoring by the Commission on Human Settlements of progress achieved in the implementation of the Global Strategy.

THE GENERAL ASSEMBLY RESOLUTION 43/181 GLOBAL STRATEGY FOR SHELTER TO THE YEAR 2000

Bearing in mind the Vancouver Declaration on Human Settlements, 1976[1] and the recommendations for national action [2] adopted at Habitat: United Nations Conference on Human Settlements,

Recalling its resolution 35/56 of 5 December 1980, the annex to which contains the International Development Strategy for the Third United Nations Development Decade, in which, *inter alia*, the importance of the provision of basic shelter and infrastructure was stressed,

Recalling also its resolution 37/221 of 20 December 1982, in which it proclaimed the year 1987 International Year of Shelter for the Homeless,

Further recalling its resolution 42/191 of 11 December 1987, in which it decided that there should be a Global Strategy for Shelter to the Year 2000,

Recalling the Nairobi Forward-looking Strategies for the Advancement of Women,[3]

Recalling Commission on Human Settlements resolutions 9/9 of 16 May 1986[4] and 10/17 of 16 April 1987[5] on the participation of women in the solution of human settlements problems,

Also recalling Commission on Human Settlements resolution 10/16 of 16 April 1987 5/ on the effect of the external debt of the developing countries and their ability to raise the funds needed to solve the housing problems of the homeless up to the year 2000,

Noting Commission on Human Settlements resolution 11/7 of 11 April 1988[6] entitled "Co-ordination and co-operation with agencies and organizations within the United Nations system",

Convinced that the continuous, co-ordinated and widely based

efforts of Governments, organizations of the United Nations system, other intergovernmental agencies, non-governmental agencies and individuals, when guided by an appropriate strategy, will reverse the alarming trends in the field of human settlements and produce clear and visible improvements in the shelter and neighbourhoods of the poor and disadvantaged by the year 2000, and that this should be a global responsibility,

Encouraged by action already taken or being taken in many countries to prepare national shelter strategies and to adopt other measures that will promote achievement of the goal of shelter for all,

Recognizing that, despite such efforts, more than 1 billion people have shelter unfit for human habitation, that this number will increase dramatically, partly as a result of population and urbanization trends, and that determined measures must be taken aimed at profiting from these trends, rather than being penalized by them,

Also recognizing that the International Year of Shelter for the Homeless has confirmed the need to intensify national and international efforts to produce, deliver and improve shelter for all, with specific emphasis on the poor and disadvantaged,

Convinced that shelter problems are universal and that no country has yet completely met its shelter needs, but that every country can profit from the experience of others,

Also convinced that shelter problems are a global concern that requires solutions that should relate to other global problems and that also require the efforts of all countries to reach such solutions, that the demand for shelter in each country can be met by applying a set of common principles, but that goals can only be met by the individual efforts of each Government acting in its own political, economic, social and cultural context,

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1/ *Report of Habitat: United Nations Conference on Human Settlements, Vancouver, 31 May-11 June 1976* (United Nations publication, Sales No. E.76.IV.7 and corrigendum), chap. I.

2/ *Ibid.*, chap. II.

3/ *Report of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, Nairobi, 15-26 July 1985* (United Nations publication, Sales No. E.85.IV.10), chap. I, sect. A.

4/ See *Official Records of the General Assembly, Forty-first Session, Supplement No. 8* (A/41/8), annex I, sect. A.

5/ *Ibid., Forty-second Session, Supplement No.8* (A/42/8 and Corr.1), annex I, sect. A.

6/ *Ibid., Forty-third Session, Supplement No. 8* (A/43/8), annex I, sect. A.

Recognizing that the core of the Global Strategy for Shelter to the Year 2000[31] consists of integrated national shelter strategies that need to be based on a full understanding of the scale and nature of the problem and the national resource base available to address the problem,

Recognizing further that national shelter strategies need to contain four complementary parts: clear and measurable objectives; national mobilization and distribution of financial resources; promotion of shelter production and improvement with special reference to the management of land, the supply of infrastructure and encouragement of the use of appropriate building materials and technology; and the gradual reorganization of the shelter sector,

1. *Adopts* the Global Strategy for Shelter to the Year 2000;

2. *Decides* that the main objective of the Strategy is to facilitate adequate shelter for all by the year 2000, that the main focus should therefore be on improving the situation of the disadvantaged and the poor, and that the following fundamental objectives and principles should form the basis of the Strategy:

(a) Enabling policies, whereby the full potential and resources of all governmental and non-governmental actors in the field of human settlements are utilized, must be at the heart of national and international efforts;

(b) Women, as income-earners, home-makers and heads of households, and women's organizations fulfil a crucial role as contributors to the solution of human settlements problems, which should be fully recognized and reflected in equal participation of women in the elaboration of housing policies, programmes and projects, and that the specific interests and capabilities of women should be adequately represented in human settlements policy formulation and in government mechanisms employed at all levels for the implementation of housing policies, programmes and projects;

(c) Shelter and development are mutually supportive and interdependent, and policies must be developed in full recognition of the important links between shelter and economic development;

(d) The concept of sustainable development implies that shelter provision and urban development must be reconcilable with a sustainable management of the environment;

3. *Designates* the Commission on Human Settlements to act as the United Nations intergovernmental body responsible for co- ordinating, evaluating and monitoring the Strategy and the United Nations Centre for Human Settlements (Habitat) as the secretariat for the Strategy and the lead agency for co-ordinating and monitoring the relevant programmes and activities of other United Nations organizations and agencies concerned;

4. *Urges* Governments to develop appropriate national and sub-national strategies for shelter in the light of the guidelines provided in the report of the Executive Director of the United Nations Centre for Human Settlements (Habitat) entitled "Global Strategy for Shelter to the Year 2000"[7] and regularly to report to the Commission on Human Settlements, beginning at its twelfth session, on their relevant experience and progress in implementing those strategies;

5. *Requests* the Executive Director to monitor and subsequently to report to the Commission, beginning at its thirteenth session, on the relevant global experience and progress of all countries in implementing the Strategy;

6. *Decides* to review and clarify the Strategy on a biennial basis, within regular budgetary resources, with the assistance of experts selected on the basis of equitable geographic representation, and to revise the Strategy in the light of global and national experience from all regions and subregions;

7. *Requests* the Commission on Human Settlements, as the body designated to co-ordinate implementation of the Strategy, to report biennially to the General Assembly on progress made in its implementation;

8. *Also requests* the Commission to strengthen, within existing resources, its role in regard to the promotion of innovative measures by which bilateral and multilateral financial institutions may support the shelter strategies of developing countries, for example, by way of suitably devised loan agreements that would lead to the building up of national revolving funds for shelter;

9. *Requests* financial institutions and creditor countries, as one of the conditions for the success of the Strategy, to consider immediate measures to reduce the external debts by their conversion into long-term loans;

10. *Adopts* the guidelines for steps to be taken at the national and international levels, as set out in the annex to the present resolution, in support of the guidelines for

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7/ HS/C/11/3.

national and international action contained in the Global Strategy for Shelter to the Year 2000, prepared pursuant to General Assembly resolution 42/191;

11. *Calls upon* all States and others in a position to do so to make generous contributions to the United Nations Habitat and Human Settlements Foundation to facilitate implementation of the Strategy.

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